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Romania Outlaws Communist Party After Mass Protest

Bowing to Crowds, Government Calls A Vote on Restoring Death Penalty

By Jonathan C. Randal
Washington Post Service

BUCHAREST — Romania's provisional government, under the pressure of thousands of angry protesters, banned the Communist Party on Friday night.

In a televised address, the provisional president, Ion Iliescu, also announced that a national commission would be set up to handle the public's complaints.

And he reversed an earlier pledge banning capital punishment after a confrontation exposing the fragility of the revolutionary government established after the overthrow of Nicolae Ceausescu on Dec. 22.

Eight hours of demonstrations by an estimated 10,000 protesters outside the National Salvation Committee's headquarters extracted a promise to organize a nationwide referendum on Jan. 28 on the death penalty, which was abolished after worldwide criticism of the trial and execution of Mr. Ceausescu and his wife, Elena, on Dec. 25.

Mr. Iliescu, Prime Minister Petre Roman and other leading revolutionary officials accepted the measures in a closed meeting with a large delegation from the crowd besieging the committee, which is temporarily housed in the Foreign Ministry.

"As of Jan. 12," Mr. Iliescu announced, "the Romanian Communist Party has been outlawed because it had been taken over by the Ceausescu dictatorship and ran counter to the national spirit and our historic traditions."

As the crowd roared its approval, Mr. Iliescu read out the measures to the crowd which shouted back, "We are the people!"

"People, we won a victory tonight, the greatest victory," a delegate of the crowd said just before 10 P.M. "For the first time we made the committee give way before the people."

Before agreeing to accept a delegation, officials, who were visibly shaken, felt compelled to answer question after question as a national day of mourning turned into the first street demonstration since the Ceausescu government fell.

The decision to organize the mourning ceremonies quickly backfired when anti-Communist radicals seized the occasion to push their demands. Romanians in the capital gathered to lay wreaths and light candles at streetside shrines in commemoration of those who died in the uprising.

The official number of victims has been scaled back recently from 60,000 to 10,000, but the only detailed death toll so far disclosed that the army lost 196 men in the fighting.

Perched atop an armored personnel carrier at the Foreign Ministry's broad snow-covered lawn, official orators were taken to task by a growing crowd in early afternoon for allegedly censoring television, failing to keep the public informed and generally behaving with the same secretiveness that distinguished the overthrown government.

Mr. Iliescu pleaded for silence during chaotic scenes in front of the Foreign Ministry as the protesters shouted: "Down with communism! Kill the Communists!"

An initial sign that the authorities were weakening came in mid-evening when television announced that Securitate agents in Timisoara, the western city where the revolution erupted Dec. 11, would go on trial late next week.

Within 10 days, the television added, the former president's brother, Nicolae Andrutza, who once commanded the Securitate officers' training school, would also face correct proceedings.

So great was the crowd's suspi-

See ROMANIA, Page 5

Udo Weitz/The Associated Press

A crowd in Bucharest burning a Communist Party flag during a mass protest Friday that turned into a demonstration against the National Salvation Committee.

Beijing and Phnom Penh Back UN Cambodia Role

By Michael Richardson
International Herald Tribune

CHIANG MAI, Thailand — China and the Soviet Union have agreed that the United Nations should play "a very major role" in ending the war in Cambodia, a Soviet official said Friday in Beijing.

A Vietnamese official, speaking here, said that Hanoi and the Vietnam-backed government in Phnom Penh now accepted UN participation in governing Cambodia before free elections can be held.

The comments provided crucial new support for an Australian proposal for an interim UN administration in Cambodia. They were made as meetings in Europe, Asia and at the UN Security Council are being convened to settle the 11-year conflict in Cambodia.

In Beijing, the Soviet deputy foreign minister, Igor A. Rogachev, said, after three days of talks with Chinese officials, that all five permanent members of the Security Council now supported a UN role in Cambodia.

"I don't know who can now deny the role of the United Nations," Mr. Rogachev said. "Everybody agrees."

The five permanent members of the Security Council are Britain, China, France, the Soviet Union and the United States.

Mr. Rogachev declined comment on whether China would accept a proposal that Cambodia be governed by a UN trusteeship until national elections are held.

However, the Xinhua press agency later quoted Foreign Minister Qian Qichen as telling the Soviet ambassador, in reference to Australia's proposal: "We express our appreciation. We favor all propositions conducive to a fair and reasonable solution of this question."

Tran Quang Co, a deputy foreign minister of Vietnam, told a small group of journalists in Chiang Mai, in northwest Thailand, that Prime Minister Hun Sen of Cambodia had now "accepted the main idea of the Australian initiative and that the UN should have a role in an interim administration."

Previously, Hanoi and Phnom Penh had said only that the United Nations could help organize elections.

Mr. Co is in Chiang Mai to attend the Williamsburg Conference, a private meeting of officials and foreign policy specialists from Asia, North America, Australia and New Zealand that is held about once a year to discuss international issues.

Under the Australian plan, the Cambodian seat in the United Nations held by the Cambodian resistance coalition would be declared vacant.

Prince Norodom Sihanouk, head of the Cambodian opposition coalition, said last week that he favored having the Cambodian seat in the United Nations declared vacant, provided there was a "simultaneous dismantling" of the Phnom Penh government and its replacement by a UN trusteeship.

But he added that the idea of a UN trusteeship was not accepted by China and the Communist Khmer Rouge, by far the strongest fighting force in the resistance coalition.

However, Western diplomats said that in recent meetings in Bangkok with an Australian envoy and Ali Alatas, the foreign minister

See CAMBODIA, Page 5

U.S. Data Send Dow Plunging

71-Point Decline Reflects Worries About Inflation

By Lawrence Malkin
International Herald Tribune

NEW YORK — Fears of a revival in U.S. inflation combined with the sharp drop on the Tokyo and London stock markets to spook Wall Street on Friday.

Two sharp selling waves in the morning drove the Dow Jones industrial average down 51 points in a broad sell-off. By the end of trading, the Dow had tumbled 71.46 points, to 2,689.21. The drop was more than 2.5 percent, and falling stocks outnumbered advancing issues by about a 7-1 ratio.

Before New York dropped, Tokyo's Nikkei index had plummeted 2 percent, to 37,516.77 — the worst one-day loss since November 1987. London was also down sharply on fears of inflation and then was battered by Wall Street. The Financial Times 100-stock index plunged 37.8 points, to 2,380.10.

But the most immediate cause of New York's jitters was the release of two government indicators at the start of trading. Taken together they could point toward stagflation, the combination of economic stagnation and inflation that bedeviled the world economy in the 1970s. That would tie the Federal Reserve Board's hands if it wanted to continue lowering interest rates.

The producer price index, a measure of inflation, rose 0.7 percent in December — 0.6 percentage points higher than the November rate.

Even without food and energy factored in, the rise was 0.6 per cent. This brought the annual rate of wholesale price rises to 4.8 percent, the highest in eight years.

Retail sales in December, meanwhile, rose by only 0.2 percent. Market analysts had expected more lively Christmas trade and a rise at twice the level of what they got. For all of 1989, retail sales rose 5 percent, which is virtually no gain at all after inflation and is the worst since the 2.9 percent rise during the recession year of 1982.

To analysts, the market's volatility only emphasized the uncertain outlook. "The market has been anemic for some time and spirits have not been especially high," said Hugh Johnson of First Albany Securities. "There has been a gradual turn in sentiment during the past few

See MARKET, Page 10

Kiosk

Shuttle Snares U.S. Space Lab

CAPE CANAVERAL, Florida — Astronauts aboard the space shuttle Columbia retrieved a U.S. space laboratory from its faltering orbit on Friday, snaring it with a robot arm and saving it from a fiery plunge to Earth. The 11-ton laboratory is the largest object ever retrieved in space. Page 5.

Air France Set To Buy UTA

PARIS — Air France said Friday it would acquire control Union de Transports Aériens, France's largest privately controlled airline. Page 9.

Art

Chicago artist Ed Paschke's eerily luminous pre-punk era paintings. Page 7.

General News

Legal skirmishing over U.S. secrets began in the Noriega case. Page 4.

Business / Finance

Silvio Berlusconi won a victory in the battle for control of Mondadori. Page 11.

Crossword Page 7.
Weather Page 2.

Dow Close
2,689.21
Down
71.46

The Dollar In New York

DM	1.687
Pound	1.6805
Yen	145.675
FF	5.7135

Modrow Drops Plan for Security Force

By Marc Fisher
Washington Post Service

BERLIN — Prime Minister Hans Modrow, yielding Friday to pressure from his coalition partners and the opposition, shelved his plan to create a new domestic security force before elections in May.

The plans for a new security bureaucracy had rekindled revolutionary fires in a country where the dissolution of the Stasi secret police was one of the major demands of mass demonstrations last fall.

Last week, when Mr. Modrow's government announced that more than 50,000 Stasi employees remained employed in an agency that had supposedly been disbanded, opposition leaders and even some Communists were outraged. A few days later, after Mr. Modrow announced that he would start a new security force, the news threatened to bring down his eight-week coalition government.

"There will be no new security services" before the scheduled May 6 national elections, Mr. Modrow told parliament. He promised to speed the dissolution of the Stasi, the Stalinist force that employed 85,000 workers and a huge network of informers to chill dissent and enforce conformity. He set June 30 as a deadline for the complete abolition of the Stasi.

He also said he had dismissed for incompetence the official supervising the dissolution of the Stasi.

Speaking softly, Mr. Modrow acknowledged reports that that Stasi agents were still spying on East Germans. "We have taken steps to make sure this does not happen again," he said.

Mr. Modrow's quiet tone contrasted sharply with the angry voice in which he scolded delegates on Thursday for showing disrespect by threatening to pull out of the government.

Czechoslovakia's president says that jail was excellent preparation for his new job. Page 5.

The East German parliament also lifted its ban on foreign investment in the country and, in another overnight reversal, agreed to allow foreign companies to take majority positions in joint ventures with East German businesses.

Economics Minister Christa Luft said Thursday that East Germany would only allow foreign companies to hold as much as 49 percent of a joint venture. On Friday, after the West German finance minister had assailed the proposed restriction, Mrs. Luft said she would create "a legal umbrella" to allow foreigners to be majority owners.

As he arrived for the morning session of parliament, Mr. Modrow was accosted by taxi drivers who demanded that the prime minister scrap the plan to keep the secret police active.

At least 300 drivers surrounded parliament with their taxis in protest of the salaries paid to about 200 former Stasi agents reassigned to drive cabs. In addition to their taxi pay, the former agents are being paid their Stasi salaries.

Mr. Modrow contended that East Germany needed an internal security agency to protect itself against neo-Nazis and "to protect foreign guests."

For example, he said, "it was very difficult because of the situation in our country to protect President Mitterrand when he visited last month."

On Monday, Mr. Modrow is to face the 16 opposition groups that have been negotiating with him on new election and economic laws. They said last week that they would walk out of the talks unless Mr. Modrow persuaded them that he was pressing to get rid of the repressive means by which the Communists held power.

"The Communists must shake off the evil of the old order," said Hans-Dieter Raspe, deputy chief of the Liberal Democrats, one of the four small parties that cooperated with the Communists throughout the 40-years of hard-line rule here. "We will withdraw our ministers if this wish is not fulfilled."

The Liberal Democrats and two other coalition partners repeated their threats to leave the government unless the Communists ended their monopoly control over the police and the press. Opposition groups outside the government said they would call for street demonstrations and spot strikes to push Mr. Modrow toward further change.

"It was a bad blunder for Modrow to start a new Stasi when he knows the people hate them so," the mayor of West Berlin, Walter Momper, said Friday. "His problem was what to do with the 60,000 Stasi workers and several hundred thousand people in the party bureaucracy.

"Many of these people have weapons and they are hated by the people. Modrow must find something for them to do."

East German opposition groups say they have no intention of easing the pressure on Mr. Modrow.

"He certainly wouldn't have taken back the decision on the Stasi without the pressure we put on him," said Ingeborg Domnitz of Democratic Awakening, one of the largest opposition parties.

Agence France-Presse

Mr. Modrow at the parliament session, where he acknowledged that the Stasi secret police were still spying on East Germans.

Sagging Yen Fans Dispute Over Trade

By Leonard Silk
New York Times Service

NEW YORK — The current weakness of the yen is likely to worsen the huge U.S. trade deficit with Japan and intensify the increasingly bitter dispute between the two countries.

The Japanese may be facing troubles in Europe as well. Ken-

NEWS ANALYSIS

neth S. Courtis, market strategist and chief economist of Deutsche Bank in Tokyo, said the yen was undervalued against the European currencies, too.

He said the yen "could rise to the 150s against the dollar," from its current 145.675, and said he feared that a serious trade crisis was boiling up between Japan and the United States and Europe this year.

The danger to Japanese producers is that import-competing industries in America and Europe will press their governments to take countermeasures against them.

While pressing Japan to open its markets to correct the trade imbalance, Carla A. Hills, the U.S. trade representative, has been putting heavy stress not on currency values but on "macroeconomic factors," especially the high U.S. budget deficit and low savings rate, and the high Japanese savings rate.

Mrs. Hills said in an interview on Wednesday that the decline in the

See JAPAN, Page 12

For Gorbachev, a Desperate Drive for Peace With Lithuania

By Bill Keller
New York Times Service

MOSCOW — Barnstorming Lithuania this week, President Mikhail S. Gorbachev has undertaken the most desperate diplomatic endeavor of his career, a campaign to preserve the integrity of the Soviet Union by personal persuasion.

Facing a Lithuanian separatist movement that could come to a test in a matter of months, Mr. Gorbachev is appealing for time to broker the creation of a freer Soviet federation in which, he has promised, Lithuanians and other independence-minded republics would have real economic and political

NEWS ANALYSIS

liberty while remaining at least nominally tied to Moscow.

At each stop in the streets and auditoriums of the Baltic republic, Mr. Gorbachev has encountered the polite but glacial determination of the Lithuanians, who doubt that he can deliver on his pledges. Many are already treating him as the leader of a friendly but foreign country.

Mr. Gorbachev is jawboning his way through Lithuania — his encounters with the defiant populace played out to incredulous television audiences across the country — because he has apparently accepted that he has no other attractive options for preventing a first, precedent-setting breach in the union.

Forcible repression of the peaceful Lithuanian independence drive would be a devastating setback for Mr. Gorbachev's foreign and domestic policies, and would probably be met with massive civil disobedience.

Even the conservative doyen of the Communist Party Politburo, Yegor K. Ligachev, has ruled out the use of force to contain the errant Lithuanians. He told a Swedish newspaper this week that "tanks cannot solve such problems."

Indeed, since troops killed a score of nationalist demonstrators last year in Soviet Georgia, the popular revulsion for domestic use of military power has grown so intense that the leadership must have some doubts about whether army draftees would follow orders to suppress the Lithuanian uprising.

"It's clearer and clearer in my judgment that they are not going to use force," a Western diplomat said Friday, echoing the prevailing view in Moscow and Lithuania.

Mr. Gorbachev and others in his top-level delegation talk of a new federal law setting potentially daunting conditions for a republic to secede. But the Lithuanians are likely to ignore whatever legal hurdles Moscow puts up.

The republic's parliament has declared that its own laws take precedence over decisions made in Moscow, and most Lithuanians believe their incorporation into the union, following a secret pact between Stalin and Hitler, was illegal in the first place.

Nor do Lithuanians seem much impressed by Moscow's economic

See VISIT, Page 5

Rushdie on Pynchon: Invisible Man's Triumphant Return

This review of Thomas Pynchon's new novel, "Vineland," was written for The New York Times Book Review by the novelist Salman Rushdie, who is in seclusion after threats against his life.

So, he's back, and the question that occurs to you on finishing "Vineland" is, what took him so long? Because this doesn't feel like a book written to break a block: it isn't congested or stop-start or stiff; matter of fact, it's free-flowing and light and funny and maybe the most readily accessible piece of writing the old Invisible Man ever came up with. It is also not the book we thought Thomas Pynchon was writing.

We heard he was doing something about Lewis and Clark? Mason and Dixon? A Japanese science-fiction novel? And one spring in London a magazine announced the publication of a 900-page Pynchon megabook about the American Civil War, published in true Pynchonian style by a small press nobody ever heard of, and I was halfway to the door before I remembered what date it was, April 1, ho ho ho. What happened to those spectral books? Did they never exist? Are we about to get a rush of Pynchon novels? The answer is blowin' in the wind.

Because one thing that has not changed about Mr. P. is his love of mystification. The secrecy surrounding the publication of this book — his first novel since "Gravity's Rainbow" in 1973 — has been, let's face it, ridiculous. I mean, *rilly*. So he wants a private life and no photographs and nobody to know his home address. I can dig it, I can relate to that (but, like, he should try it when it's compulsory instead of a free-choice option). But for his publisher to withhold reviewers' copies and give critics maybe a week to deal with what took him almost two decades, now that's truly weird, bad craziness, give it *up*.

Other things, too, have remained constant in the Pynchonian universe, where these are days of miracle and wonder, like "Doonesbury" written by Duke instead of Garry Trudeau, and the paranoia runs high because behind the heavy scenes and bad trips and Karmic Adjustments move the shadowy invisible forces, the true Masters of the Universe, "the unrelenting forces that leaned ever after ... into Time's wind, impassive in pursuit, usually gaining the faceless predators ... [who] had simply persisted, stone-humorless, beyond cause and effect, rejecting all attempts to bargain or accommodate, following through pools of night where nothing else moved wrongs forgotten by all but the direly

See RUSHDIE, Page 5

In Monday's IHT: The Turning Points

The remarkable changes that have come to Eastern Europe in the past year did not happen without decisive moments of extreme tension. The potential collapse of the new forces of democracy was a reality only inches or hours away during the march of Poland, Hungary, East Germany, Czechoslovakia and Romania toward freedom and hope.

In a special section on Monday, the International Herald Tribune will publish a series of reports on the turning points that allowed the revolutions of 1989 to go forward. The scenarios of conflict and decision are recounted by the Washington Post reporters who covered the extraordinary but fragile chain of revolt and democratic *triumph*.

No Gains In Talks On Colony

China Side Seen As Reproachful

By Nicholas D. Kristof
New York Times Service

BEIJING — The governor of Hong Kong, Sir David Wilson, left here Friday saying that his three days of talks with Chinese officials had been useful, but neither side reported any major progress in easing tensions between Hong Kong and Beijing.

There was no sign of new conciliation on the Chinese side to accompany the lifting of martial law on Thursday. On Thursday and again Friday, Chinese officials made comments that were widely perceived as reproachful of the British position.

Sir David, who was on his first visit to Beijing since the army crackdown in June, said he had explained to Prime Minister Li Peng and other officials the opinions in Hong Kong about proposed democratic changes. The crackdown has intensified alarm in the British colony that Beijing will suppress dissent and ignore local opinions after Hong Kong reverts to Chinese rule in 1997.

China is now completing work on a "basic Law" that will govern the territory after 1997. Many Hong Kong residents complain that the recent drafts of the law do not provide for enough democracy and will erode confidence in the territory's future. Sir David said he hoped that his comments would be taken into consideration by the code's drafters.

"I've been explaining the views that people in Hong Kong have both on short-term political developments and the hopes that people have for long-term development, for steady and continued development of the political structure," he said at an airport news conference before returning home.

Sir David said the Chinese had repeated their criticisms of a recent British proposal to provide passports to 50,000 Hong Kong Chinese and their families before 1997, and that he had explained the reasons for the proposal.

"I can't say that in these discussions we have solved every problem," Sir David said. "But I do think that as a result of these meetings it has been possible to increase understanding on both sides and get back to resuming the sort of practical dialogue which we need if we're to deal with practical issues in Hong Kong at the moment."

The official Xinhua press agency quoted Mr. Li as saying that he was glad to see that "on some issues the two sides are drawing closer." The agency said Mr. Li also called on China and Britain to take steps to prevent damage to relations between Hong Kong and Beijing.

Sir David addressed the Chinese concern that Hong Kong is being used as a base from which to subvert the Communists' rule.

"We in Hong Kong have no wish, we have no intention, that Hong Kong should be used as a base for subversion against China," he said. "In particular, we don't want people from outside Hong Kong to come to Hong Kong to use it as a battlefield against China. At the same time, we treasure our own liberties and freedoms in Hong Kong."

Tommy Cheng/Agence France-Presse

Sir David Wilson on his return to Hong Kong. He said earlier he thought he had been able 'to increase understanding on both sides.'

Secret Pledge Commits Syria To Lebanon Pullout Timetable

By Nora Boustany and Caryle Murphy
Washington Post Service

DAMASCUS — Syria has given Saudi Arabia and other Arab nations an unpublicized written pledge to negotiate a timetable for withdrawing its 40,000 troops from Lebanon as part of an overall political accord reached with Lebanese legislators in October, according to diplomats here and in other Arab capitals.

The secret commitment was signed by Foreign Minister Farouk Charaa during a visit to Damascus on Oct. 20 by the Saudi foreign minister, Prince Saud Faisal, the diplomats said. It appeared to reflect an attempt by Damascus to persuade its Arab neighbors that it was seriously committed to a Lebanese settlement that would lead it to withdraw the troops it has had there since 1976.

The accord was signed at a time when Syria was isolated in the Arab world over its occupation of much of Lebanon, facing increasing military opposition to its presence there, and encountering international skepticism toward its declarations that it did not want to stay in Lebanon indefinitely.

A source, describing the significance of the secret document, said, "There is an international framework to keep Syria's feet to the fire."

The commitment was part of an accord reached with members of Lebanon's parliament when they met at Taif, Saudi Arabia, in October in an effort to end the country's 14-year civil war. "If the Syrians renege on Taif," the source said, "they will have to answer to the international community."

Sources said the document reflected what is already publicly stated in the Taif accords: that within two years of the formation of a "national unity" government and the initiation of political changes, Syria will redeploy its troops from Beirut to the Bekaa in eastern Lebanon, and then negotiate on a timetable for full withdrawal from the country.

Syria apparently preferred to keep the accord confidential. Diplomats speculated that Syria feared disclosure would be widely viewed as a victory for General Michel Aoun, the Lebanese leader who has marshaled Christian opposition to the Taif agreement on the ground that it did not lay out a public timetable for Syrian military withdrawal from Lebanon.

General Aoun, who commands 15,000 Christian troops, also has argued that Syria cannot be trusted to abide by an agreement it has not signed.

The impact of Syria's written acceptance may have been overtaken by events, however. General Aoun's opposition is gaining strength and hindering President Elias Hrawi, who was elected by the parliament in November, from asserting his authority as the head of a unified Lebanese state.

A Palestinian close to an Arab government that worked out the Taif Accords described the Damascus document as "a separate piece of paper between the Saudis and the Syrians." He said the Saudis later "notified Algeria and Morocco." The three nations had been designated by the Arab League to negotiate a peace settlement for Lebanon.

Syria's guarantees were given almost three months after Arab League countries, in a unusual public reprimand to one of their members, blamed Syria for not halting the fighting between its forces and those of General Aoun that since March had left over 700 dead.

The rebuke, which isolated Syria further in the Arab world, occurred as intense diplomatic efforts by the Arab states to get a cease-fire and settlement in Lebanon had reached a dead end. In addition, both the United States and the Soviet Union were pressing Syria to be more flexible on Lebanon.

Disclosure of the Syrian-Saudi agreement on Taif sheds light on why Lebanon's legislators finally agreed to the accords Oct. 22 after three weeks of difficult discussions that more than once appeared near collapse.

Just before their acceptance and just after his return from Damascus, Prince Saud privately gave the legislators firm Arab League guarantees for future Syrian-Lebanese negotiations on a bilateral treaty to define the duration of Syria's continued military presence in Lebanon.

China Tightens Protest Rules

New Restrictions on Foreign Journalists Will Be Issued

Compiled by Our Staff From Dispatches

BEIJING — China published more-stringent rules Friday on demonstrations in Beijing, reinforcing preparedness against possible unrest a day after lifting martial law.

The authorities have also drawn up new regulations on what foreign journalists may and may not do.

The rules, to govern the activities of the 160 correspondents from 27 countries based in China, will be released "very soon," said a spokesman for the Foreign Ministry, which is responsible for foreign journalists. The official press organizations gave no indication of what they were.

Announcing the restrictions on demonstrations, the Beijing Daily, the organ of the city's Communist Party, said on its front page that permission to demonstrate or assemble in certain areas of the capital must be obtained from the municipal or national government.

Observers said the new rules were, in effect, replacements of the ones lifted along with martial law on Thursday.

"Of course nobody will be granted permission for any kind of protest," a Chinese office worker said. "This is a ban."

The Xinhua press agency said the rules governing reporters would permit the ministry to "supervise the activities of foreign journalists and resident foreign news organizations on Chinese territory and help them carry out their assignments."

The activities of foreign journalists were severely curtailed during nearly eight months of martial law in Beijing, imposed in May.

The Beijing Daily said the areas protected from demonstrations included Tiananmen Square, the Zhongnanhai compound where China's leaders live and work and central government offices and their surroundings to a distance of 300 meters (about 1,000 feet). The rule also affects unspecified military installations.

"The Central Military Commission can inform people where the important military installations are," the newspaper said.

The new regulations reinforce a ban on demonstrations in Beijing without permission that was imposed last month. That decree stipulated that demonstrators obtain permits from their local public security bureau, a lower level of authorization than will now be required.

On Oct. 31, the legislature passed a national law banning the right to organize a rally, to march or demonstrate if the "social peace and public order" would be upset.

Prime Minister Li Peng announced the end of martial law on Wednesday, and at midnight troops and armed police marched off Tiananmen Square.

But armed police were placed on alert throughout the capital. Plainclothes security men mingled with swelling crowds in Tiananmen Square and suppressed sporadic acts of defiance.

Tiananmen Square was the focal point of student-led protests from mid-April until troops and tanks crushed the movement with heavy loss of life on June 4.

Crowds of sightseers, many from outside Beijing, strolled on Tiananmen's concrete paving on Friday in bright sunshine and icy winds. Security agents kept a watchful eye on them.

Many sightseers lined up to see the embalmed remains of Chairman Mao Zedong in the huge mausoleum erected for him at the southern edge of the square.

(Reuters, AFP)

U.S. Move Opens Door To Major China Loans

Los Angeles Times Service

WASHINGTON — The Bush administration's decision to support a resumption of loans to China by the World Bank for "basic human needs," like disaster relief, could open the door to as much as $2 billion in financing over the next two years, U.S. officials say.

Although the White House portrayed the decision as very limited, administration officials said that about 18 projects, amounting to $2 billion of the $7 billion in loans that the World Bank had sought for China, have been classified as "human needs" proposals.

They said Thursday that initial indications suggest that the administration would most likely support one-third to one-half of these, opening the way for loans totaling up to $1 billion for China over the next 24 months. They added that the administration could come under pressure to support even more of the $2 billion in potential loans.

Such approval, which will be decided on a case-by-case basis, would amount to lending that is substantially larger than senior administration officials implied this past week.

And although the White House has emphasized that it will continue to oppose the remaining $5 billion worth of broader World Bank loans, U.S. and World Bank officials are skeptical. "They have given up some of their purity," an official in Washington said.

The Japanese Foreign Ministry said Thursday that it would consider resuming disbursements on a $5.6 billion loan to China that were suspended earlier this year. It said that the head of its foreign aid division would go to Beijing next week to discuss the issue.

A Foreign Ministry spokesman said that Japan had not decided whether to join the United States in supporting a resumption of lending by the World Bank. But he said that it was only a matter of time before both Japan and the World Bank reset the loans in motion.

[Banking officials said Friday in Tokyo that China has asked Japanese banks for $2 billion in standby credits under an agreement signed in 1985. The Associated Press reported there.

[It was the first time that China has called for a loan under the agreement. The move appeared to indicate that China has been squeezed for funds by Western economic sanctions imposed last June after the crackdown on the democracy movement in China.

[The bilateral loan agreement, signed between a group of 67 Japanese banks and the Bank of China, expires in July, an official of a major Japanese bank said.]

The U.S. decision to support the "human needs" loans, made at a meeting Tuesday among Secretary of State James A. Baker 3d, Treasury Secretary Nicholas F. Brady and the national security adviser, Brent Scowcroft, was a rejection of the view of some low-level advisers, who feared a backlash in Congress.

U.S. officials said that the decision had "nothing to do with" China's announcement Wednesday that it was lifting martial law.

Mubarak Fires Chief Of Security

By Alan Cowell
New York Times Service

CAIRO — President Hosni Mubarak dismissed his interior minister, Zaki Badr, on Friday in what seemed designed as a show of greater authority. The announcement signaled the most dramatic change of the political lineup in months.

A presidential decree, announcing the replacement of Mr. Badr by a police officer, Mohammed Abdel-Halim Moussa, gave no explanation for the dismissal. But Egyptian political analysts linked the move to intemperate and derogatory outbursts by the minister against newspaper columnists, writers, opposition figures and Islamic scholars.

"Is this the position of the government? Is this how the state is going treat us?" Mustafa Amin asked in an editorial on Friday, referring to what he said were reports that Mr. Badr had ordered assaults on Egyptian men wearing beards, the usual emblem of Islamic fundamentalism.

"I think our political theater has gone too far," said Ahmed Baha Ed-Din, another commentator. He compared Mr. Badr to actors departing from the scripts they were supposed to follow.

Mr. Badr, 53, had led the government's crackdown on Islamic fundamentalists and had approved tough measures against thousands of detainees that brought outcries from Egyptian and foreign human rights groups about police behavior and purported torture.

He had also scuffled in the legislature with opposition deputies accusing his ministry of human rights abuses, and he is known for his easy recourse to obscene language about his adversaries.

The authorities said last month that he had been the target of a car-bomb attack in Cairo, but the circumstances remain unclear.

Earlier this week, an opposition newspaper began a chorus of calls for Mr. Badr's resignation when it published a report on a meeting he addressed in a provincial town. The minister was said to have used crude epithets to describe opposition politicians and newspaper commentators who questioned his activities.

Since 1986, when he took office, Mr. Badr acted as Mr. Mubarak's iron fist in the authorities' campaign against purported cells of Islamic extremists from the organization that assassinated President Anwar Sadat in 1981. Mr. Badr was once quoted as saying he viewed Islamic extremists as "mad dogs — with all respect to dogs."

The minister made wide use of the emergency powers in force since then to jail adversaries without trial. The authorities have pursued a dual approach to fundamentalism in Egypt: Those ready to renounce violence are tolerated, but those seeking the violent overthrow of the government face constant harassment and pressure from the Interior Ministry and the police forces under its command.

The policy is likely to continue, possibly in a less flamboyant manner, under Mr. Moussa, 59, who was head of the Interior Ministry's Public Security Department until October 1987. Western diplomats said. His other qualifications include his position as governor of Asyut, one of Egypt's most troubled provinces. Last month, hundreds of people were detained after street battles between police and Islamic protesters there.

PLO Force Warns Shiite Militiamen

By Ihsan A. Hijazi
New York Times Service

BEIRUT — The commander of PLO guerrillas in the Sidon area of southern Lebanon has threatened to retaliate for attacks against his men by Shiite Muslim militiamen.

Abu Fadi, commander of a 1,000-member force of guerrillas of El Fatah, the largest group in the Palestine Liberation Organization, made the warning Thursday after one of his men was killed and three were wounded in an attack on their hilltop position.

The Palestinian guerrillas deployed two weeks ago at the edge of an area of combat between two Lebanese Shiite militias: Hezbollah, or the Party of God, which is backed by Iran, and Amal, which is supported by Syria.

The guerrillas are trying to protect two Palestinian refugee centers in Sidon.

A PLO spokesman said the shooting that killed the Palestinian guerrilla came from the direction of Hezbollah positions when supplies were being moved into the Palestinian-held area. The other PLO guerrillas were wounded in a similar incident three days earlier.

The Lebanese police have reported several attacks on Palestinians in recent days.

On Thursday, Mohammed Ali Besharati, the Iranian first deputy foreign minister, advised the Palestinians to leave the Iqlim el Toffah area, which is about 50 kilometers (30 miles) south of Beirut.

The request came a day after Sheikh Subhi Tofaili, general secretary of Hezbollah, said that the presence of the Palestinian guerrillas added a new dimension to the conflict between the Shiite groups.

"The matter should be confined to us and Amal," he said.

But Zaid Wehbeh, the PLO representative in southern Lebanon, said that the Palestinians would not withdraw before the fighting between Shiites had ended.

Mr. Besharati was in Lebanon in an effort to persuade Hezbollah and Amal to agree to a cease-fire.

Blocking the Iranian-sponsored peace negotiations is the refusal of Hezbollah to withdraw from five villages it has taken since the Shiite clashes at Iqlim al Toffah began Dec. 23.

Amal has said it will not agree to a cease-fire until its opponents return to their previous positions.

Shamir Warns Coalition on Peace Impasse

Compiled by Our Staff From Dispatches

JERUSALEM — The deputy prime minister, Shimon Peres, has threatened to pull out of the coalition government if it fails to seize the initiative in Middle East peace efforts on which it has stalled.

"I feel the peace process has now reached the moment of decision," Mr. Peres said on Israeli television, "and if the decision is against the peace process, I, as a member of the Labor Party, will unequivocally be in favor of drawing the necessary conclusions."

"I am in the government because I think the peace process is essential to the state of Israel's existence," he said.

U.S. efforts to broker Israeli-Palestinian talks are foundering, mainly over Israeli concerns about the composition of the Arab delegation. The U.S. secretary of state, James A. Baker 3d, has said he is losing hope and might drop his initiative.

Defense Minister Yitzhak Rabin, who with Prime Minister Yitzhak Shamir drew up a plan for Palestinian elections in the Israeli-occupied West Bank and Gaza Strip, left for the United States on Friday. He is to meet with Mr. Baker.

(Reuters, AP)

Ex-Staffers Plan Jerusalem Paper

The Associated Press

JERUSALEM — More than 25 reporters and editors who resigned from The Jerusalem Post because of a dispute with the publisher are trying arrange financing for a new English-language daily, a spokesman said.

"We are engaged in intensive efforts to set up an alternative English-language daily that would be what we consider to be the old Jerusalem Post," said Menachem Shalev, a former diplomatic correspondent for the paper. "We are in touch with both foreign and Israeli investors."

On Wednesday, the staff remaining at The Post announced they were dropping a labor dispute after the publisher, Yehuda Levy, pledged that The Post, considered to be the furthest left of Israel's dailies, would remain "free and independent" and that the editors would not be instructed to slant articles politically.

WORLD BRIEFS

Bush Warns Against Military Cuts

CINCINNATI (WP) — President George Bush vowed Friday to stand fast against those who would "naively cut the muscle out of our defense posture" and cited the Panama invasion and uncertainty about political change in Eastern Europe as reasons why the military budget should not be sharply reduced.

In a speech to businessmen here, Mr. Bush appeared to be offering a preview of the justification he intends to put forward later this month in his budget message and his State of the Union Address for approximately level spending on the military despite the rapid changes in the East and the prospect of new arms control accords with Moscow.

Mr. Bush cautioned against reliance on a "peace dividend" of spending available for other purposes. "We like what's happening in Central Europe," Mr. Bush said. "But just as it would have been impossible six months ago to predict those thunderous changes, it's impossible today to know what will unfold in the next six months — let alone the next six years.

Iran Rejects Iraq's Peace Initiative

NICOSIA (Reuters) — President Hashemi Rafsanjani of Iran said Friday that a new peace initiative from Iraq was worthless.

"There aren't any positive points in Saddam's proposals; they do not address withdrawal of troops," Tehran Radio quoted Mr. Rafsanjani as saying at a prayer service in the capital.

President Saddam Hussein of Iraq suggested a week ago that officials from both countries meet in Baghdad and Tehran to reach a common understanding of the United Nations cease-fire resolution. The resolution is the basis of UN-sponsored peace talks, which have made no progress since the cease-fire ended eight years of fighting in Gulf in August 1988.

Japan Deplores Paris Aide's Remark

TOKYO (AFP) - The Japanese government deplored on Friday a remark by the French minister for European affairs, Edith Cresson, who told a Paris business daily that Japan was "out to conquer the world."

The remark was published by La Tribune de l'Expansion on Wednesday, hours before Prime Minister Toshiki Kaifu arrived in Paris for a two-day visit. A Japanese Foreign Ministry spokesman, Taizo Watanabe, said the remark showed "a lack of diplomatic sensitivity." He added that he hoped such statements would "not be repeated."

Mr. Watanabe said there were differences of view within the French government regarding Japanese investments, noting that the French industry minister, Roger Fauroux, said Wednesday in Paris that Japanese automakers could not help it if they made better cars than the French. "We welcome this kind of statement," Mr. Watanabe said.

Turks to Cut Flow of Euphrates River

ANKARA (AP) — Turkey will cut off the flow of the Euphrates River for one month beginning Saturday in a move that could lead to tensions with Syria and Iraq.

Engineers will shut the hatches of the giant Ataturk Dam so they can fill a reservoir to a height of 396 feet (120 meters) and build a concrete plug for a diversion channel as part of a major construction project of a complex of hydroelectric dams.

Turkey views the Southeast Anatolia construction project as the key to the economic development of the backward region. Iraq and Syria are highly dependent on the waters of the 1,460-mile (2,360) Euphrates River. For the month, Syria and Iraq will receive reduced water from the tributaries of the Euphrates, estimated to be one fourth of the regular flow.

UN Renews Afghan Observer Force

UNITED NATIONS, New York (Combined Dispatches) — The Security Council has unanimously approved a two-month extension of the deployment of about 40 military observers with the UN Good Offices Mission in Afghanistan and Pakistan.

The mission was established under the April 1988 Geneva accords and had monitored the withdrawal of Soviet troops from Afghanistan, completed in February last year. Fighting is continuing between the Afghan Army and guerrillas, and the force checks on allegations by Afghanistan and Pakistan of interference in each other's affairs.

The State Department said it was sending an envoy to take a "fresh look" at the problems of the U.S.-armed guerrillas in Afghanistan. The undersecretary of state for political affairs, Robert M. Kimmitt, is leaving Saturday for a week's trip to Saudi Arabia, Pakistan and India, the State Department said.

(Reuters, AP)

TRAVEL UPDATE

Air Delays in U.S. Up Sharply in '89

NEW YORK (NYT) — The number of air traffic delays rose sharply last year, especially at the nation's five most congested airports, government officials reported Thursday. Aviation experts found the figures particularly disturbing because delays increased even though the number of flights fell.

Government and industry officials attributed the increase to unusually severe weather, which they said accounted for more than half the delays. They also cited a shortage of air controllers and intermittent computer failures. And they pointed to the proliferation of hub airports, where flights are concentrated, and the bunching of flights at peak hours.

Five airports, three of them in the New York area, accounted for more than half the delays. They were La Guardia (delays up 113 percent); Kennedy (up 52 percent); Newark (up 17 percent), and San Francisco and O'Hare in Chicago (both up 11 percent).

Milan has banned trucks for four days starting Saturday because it has been blanketed in smog heavy in engine fumes and emissions from heating systems. Mayor Paolo Pillitteri also appealed to the public to turn down heating and restrict the use of transport. *(Reuters)*

The Soviet Union has extended overflight rights for Korean Air as a sign of growing ties between the two countries, officials said Friday in Seoul. South Korea hopes the Kremlin's decision will lead to permanent authorization to fly over the Soviet Union to Europe. *(WP)*

A Kenyan gang armed with machetes wounded a West German tourist and a driver at Masai Mara reserve in the south of the country in an attack on a tourist minibus, a West German Embassy spokesman said Friday. Ivory smugglers are held responsible for the murder of three tourists in Kenya's national parks and game reserves last year. *(AFP)*

Bullfighting has been banned in Tossa de Mar on the Costa Brava, Mayor Telm Zaragoza said Friday. He said the town council voted to do away with bullfights, which he called "a national disgrace." *(Reuters)*

Delta Air Lines will ban smoking on all domestic flights next month, expanding the no-smoking rule enacted by Congress for all flights of six hours or less within the United States. Beginning Feb. 25, smoking will be permitted only on Delta flights to Europe and Asia. *(UPI)*

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	10	50	3	37	fo
Athens	15	59	7	45	fo
Barcelona	13	55	5	41	cl
Belgrade	-2	28	-6	21	sn
Berlin	4	39	0	32	cl
Brussels	8	46	1	34	cl
Budapest	-2	28	-5	23	cl
Copenhagen	5	41	2	36	cl
Costa Del Sol	18	64	7	45	cl
Dublin	12	54	8	46	cl
Edinburgh	12	54	9	48	r
Faro	14	57	5	41	cl
Florence	10	50	-4	25	fo
Frankfurt	2	36	-1	30	cl
Geneva	0	32	-10	14	cl
Helsinki	-1	30	-10	14	cl
Las Palmas	20	68	16	61	fr
Lisbon	12	54	5	41	fr
London	12	54	6	43	r
Luxembourg	7	45	-3	27	fo
Madrid	11	52	-1	30	fo
Milan	8	46	-3	27	fr
Moscow	0	32	-12	10	sw
Munich	-3	27	-16	3	fo
Nice	17	63	7	45	fr
Oslo	8	46	0	32	fr
Paris	5	41	0	32	r
Prague	1	34	-3	27	r
Reykjavik	0	32	-2	28	sn
Rome	14	57	2	36	cl
Stockholm	6	43	-1	30	sn
Strasbourg	6	43	-2	28	cl
Venice	10	50	-2	28	cl
Vienna	-2	28	-4	25	cl
Warsaw	3	37	-3	27	cl
Zurich	-2	28	-3	27	s

MIDDLE EAST

Ankara	—	—	—	—	no
Cairo	17	63	6	43	fr
Istanbul	—	—	—	—	no
Jerusalem	8	46	1	34	cl
Tel Aviv	15	59	6	43	cl

OCEANIA

Auckland	—	—	—	—	no
Sydney	27	81	21	70	sh

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	33	91	25	77	sh
Beijing	-1	30	-7	19	sn
Hong Kong	20	68	16	61	r
Manila	31	88	24	75	sh
New Delhi	25	77	13	55	cl
Seoul	3	37	1	34	sn
Shanghai	5	41	3	37	sn
Singapore	31	88	23	73	sh
Taipei	22	72	16	61	r
Tokyo	10	50	5	41	r

AFRICA

Algiers	18	61	9	48	s
Cape Town	28	86	15	59	s
Casablanca	16	61	9	48	s
Harare	27	81	18	64	s
Lagos	31	88	27	81	t
Nairobi	26	79	13	55	s
Tunis	16	61	7	45	s

LATIN AMERICA

Buenos Aires	—	—	—	—	no
Lima	27	81	18	64	s
Mexico City	22	72	7	45	s
Rio de Janeiro	30	86	26	79	t

NORTH AMERICA

Anchorage	-8	18	-18	0	sn
Atlanta	14	57	-4	25	sn
Boston	2	36	-7	19	sn
Chicago	-2	28	-10	14	sn
Denver	7	45	-4	25	sn
Detroit	-2	28	-9	16	sn
Honolulu	25	77	20	68	sh
Houston	19	66	8	47	cl
Las Angeles	21	70	14	57	cl
Miami	27	81	19	66	cl
Minneapolis	-8	18	-16	3	sn
Montreal	-5	23	-13	9	sn
Nassau	29	84	23	73	sh
New York	4	39	-5	23	sn
Phoenix	26	79	11	52	s
San Francisco	17	63	6	43	cl
Seattle	11	52	7	45	r
Toronto	-4	25	-10	14	sn
Washington	6	43	-4	25	sn

c-cloudy; fo-foggy; fr-four; r-rain; sh-showers; sn-snow; sl-slushy; sn-snow; sw-showers

SATURDAY'S FORECAST — CHANNEL: Slightly choppy. FRANKFURT: Overcast. Temp 5 — 1 (41 — 30). LONDON: Cloudy. Temp 8 — 4 (46 — 39). MADRID: Fair. Temps 11 — 1 (52 — 34). NEW YORK: Cloudy. Temp. 6 — 4 (32 — 16). PARIS: Overcast. Temps 4 — 2 (43 — 36). ROME: Fair. Temps 14 — 2 (57 — 36). TEL AVIV: Not available. ZURICH: Overcast. Temp -2 — -4 (28 — 25). BANGKOK: Cloudy. Temps 33 — 24 (91 — 75). HONG KONG: Fair. Temp 20 — 16 (68 — 61). MANILA: Fair. Temps 32 — 22 (90 — 72). SEOUL: Fair. Temps 1 — -5 (34 — 23). SINGAPORE: Cloudy. Temps 30 — 24 (79 - 75). TOKYO: Fair. Temps 9 — 4 (48 — 39).

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INTERNATIONAL BAPTIST CHURCH. English. s.s. 10:00, worship 11:05. Children's church and nursery. Meets at the International School, Leuchtenburger Kirchweg 2, D-Kaiserswerth. Friendly fellowship. All denominations welcome. Dr. W.J. Daisy, Pastor, Tel.: 0211/400 157.

HOLLAND
TRINITY BAPTIST S.S. 9:30, Worship 10:30, nursery, warm fellowship. Meets at Bloemcamplaan 54 in Wassenaar. Tel.: 01751-78024.

MUNICH
INTERNATIONAL BAPTIST CHURCH, English speaking S.S. 11:45, worship 12:45, nursery, child. ch. provided. Holzstra 9. Evening service 7:00. Call Rev. Paul. Bos 089-690-8534.

INTERNATIONAL COMMUNITY CHURCH, services in English 4:30 p.m. Sundays at Enhuberstr. 10. (U2 Theresienstr.). Pastor Ronnie Stevens (089) 850-8617.

UNITARIAN UNIVERSALIST, Fellowship, 690-2036, Building 311-A-3, Perlacher Forst Housing Area. Meets fourth Sunday each month at 11 a.m.

PARIS and SUBURBS
THE AMERICAN CATHEDRAL (Episcopal-Anglican). Sun. 9 & 11 a.m. Sunday School for children and nursery care at 11 a.m. 23 ave. George V, Paris 8. Tel · 47 20 17 92. Metro: George V or Alma-Marceau.

EMMANUEL BAPTIST CHURCH, 56 Rue des Bons-Raisins, Rueil-Malmaison. English speak., evangelical, all denominations. S.S 9:45; Worship: 10:45. Other activities. Call Dr. B.C. Thomas, Pastor. 47.49.15.29/-47.51.29.63.

ZURICH
INTERNATIONAL BAPTIST CHURCH of Wädenswil (Zurich), Switzerland, Rosenbergstrasse 4. Worship Services Sunday mornings 11:00. Tel.: 720-2762.

BRUSSELS
The American Protestant Church, Worship 10:30 a.m. Kattenberg, 19 (at the Int. School). Tel.: 673 05 81. Bus 95 Tram 94.

THE HAGUE
AMERICAN PROTESTANT CHURCH Sunday Service 9:15 and 11:15 a.m. Tel.: (070) 244490 Esther de Boer van Rijklaan 20

LONDON
AMERICAN CHURCH in London at 79 Tottenham Court Road, London W1, SS at 9.45 a.m. & worship at 11 a.m. Goodge street tube; Tel (01) 580 2791

PARIS
AMERICAN CHURCH IN PARIS Worship 11:00 a.m. 65, Quai d'Orsay, Paris 7. Bus 63 at door. Metro Alma-Marceau or Invalides

STOCKHOLM
IMMANUEL CHURCH, Kungsfarsg. 8, Berger Jarl. Friendly Christian fellowship English, Swedish & Korean. 11:00. Tel., 46-8 151225 & 309803.

UNITED CHRISTIAN CONGREGATION. Kleva Oslva Kyrkogata 8, service 9:00. Tel.: +46-8-210188.

VIENNA
VIENNA COMMUNITY CHURCH: A-1010 Vienna, Austria, Dorotheergasse 16. Services Sundays 11:30 a.m.

WARSAW
WARSAW INTERNATIONAL CHURCH, Protestant English language expatriates, Sundays 11:00 a.m. Ul. Piekna 14 A. Tel.: 43-29-70.

ZURICH
INTERNATIONAL PROTESTANT CHURCH English speaking, worship service, Sunday School & Nursery, Sundays 11:30 a.m., Schanzengasse 25. Tel.: (01) 2625525.

DEATH NOTICE

TAYLOR, William J. III

a lifelong resident of Paris and Orgeval, France, and holder of the Légion d'Honneur, died of cancer at age 69.

Born in Philadelphia, son of the late William Johnson Taylor, jr. and the late Pauline Maynard Taylor Pratt, he was raised in France, graduated from the Kent School and attended Amherst College before enlisting in the United States Air Force at the outbreak of World War II. He served with distinction in the European Theater and following a full tour of duty, volunteered for the Office of Strategic Services. He was parachuted behind enemy lines into France on special missions during the German occupation. For his services in France, he was decorated with the Legion of Honor. After World War II, Mr. Taylor founded the Taylor Travel Services in Paris which he directed until his retirement in 1975. He was a long-time member and officer in the American Club of Paris and numerous other civic organizations.

Mr. Taylor is survived by his sisters, Mrs. Kinsey Spottswood of Wicomico, Virginia and Mrs. Edwin T. Boyd of Richmond, Virginia, two step-brothers, Theodore Pratt, jr. of Annapolis, Maryland, and Merrick Pratt of Monmouth Hills, New Jersey, and his aunt, Mrs. C Newbold Taylor of Philadelphia, Pennsylvania, and a host of devoted friends around the world.

A memorial service will be held at 12:00 (noon) at the American Pro-Cathedral in Paris, 23, Ave. George-V, on January 16, 1990.

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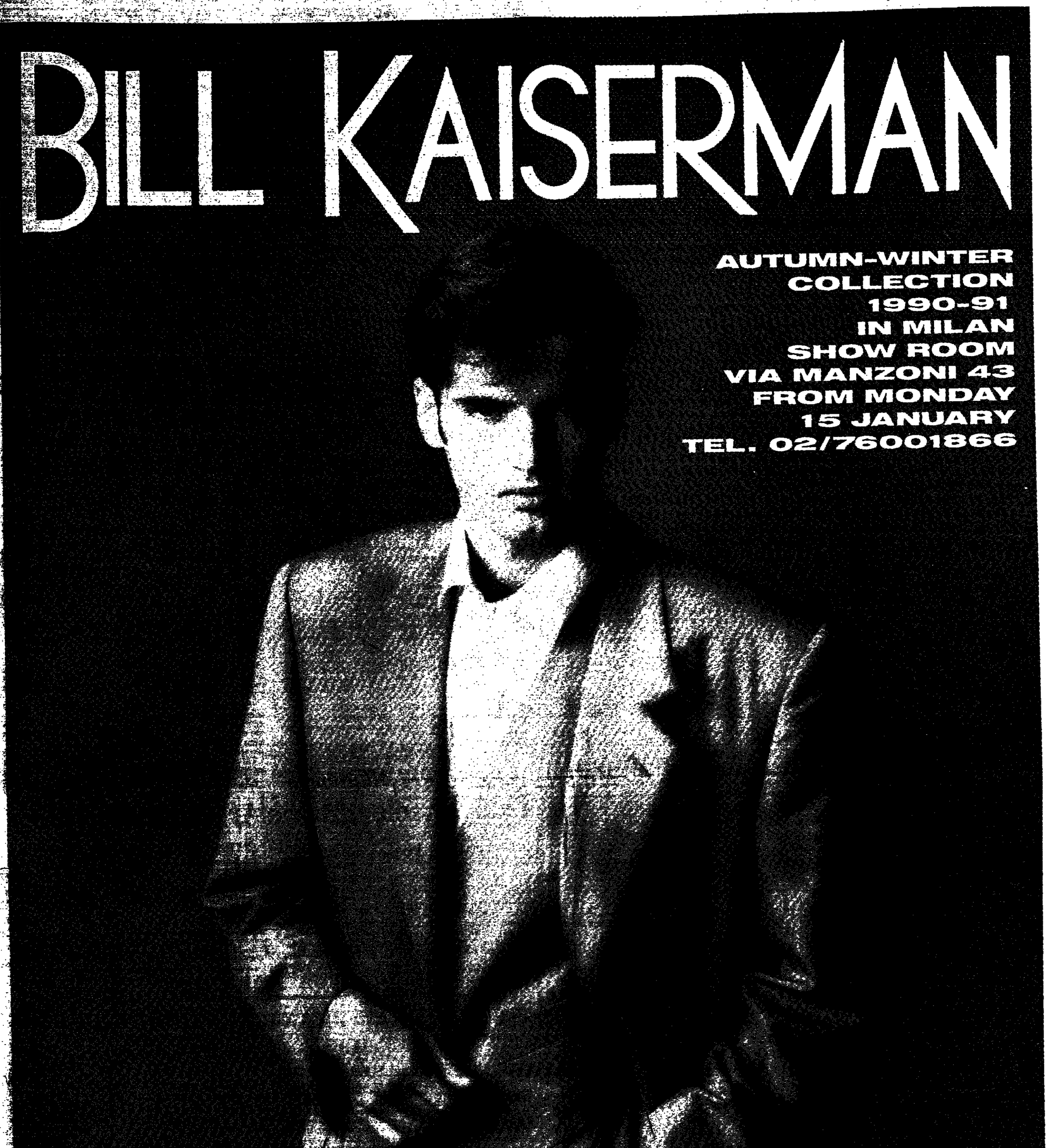

A Skirmish Over U.S. Secrets

Defense in Noriega Case Says Material Is in Phone Book

By Richard L. Berke
New York Times Service

MIAMI — The U.S. government has raised the issue of national security for the first time in the drug-trafficking case of General Manuel Antonio Noriega, arguing that classified information had been improperly disclosed.

It was done, the government said, by a lawyer for one of the co-defendants of the deposed Panamanian leader.

At the same time, defense lawyers said that Justice Department specialists in national security were making inappropriate demands on what documents they would use to defend their clients. The specialists, including experts from the Iran-contra case, arrived in Miami this week from Washington.

The disclosure of national secrets is expected to be the most troublesome hurdle in the government's efforts to bring General Noriega to trial.

Defense lawyers say they will demand disclosure of classified material relevant to the case, but U.S. officials have expressed concern that these documents could threaten national security and embarrass senior officials, including President Bush.

The security issue was raised in the case of Daniel Miranda, a pilot accused of flying drug money for General Noriega.

Mr. Miranda's lawyer, Michael O'Kane, asked the court earlier this week for National Security Agency records on the grounds that the agency "regularly monitored" telephone and other communications of Panamanian military forces.

The legal skirmish came at a hearing called unexpectedly on Thursday. The session was closed, but according to those who were present, prosecutors argued that Mr. O'Kane's motion contained sensitive materials that should not have been made public.

They specifically cited a map he attached with the motion that showed the purported site of a secret U.S. listening post, known as "the tunnel," in Panama City.

"They alleged that I had received classified information," Mr. O'Kane said in an interview after the hearing. "I pointed out what my source was — the Panama City phone book and Newsweek magazine.

"Information about the tunnel was widely known. My position is if something is published in the phone book and comes out in a national magazine it is not classified."

Mr. O'Kane also asserted that he was threatened by a prosecution lawyer during a conversation on Wednesday.

Officials at the U.S. attorney's office in Miami would not discuss Mr. O'Kane's concerns nor those of other defense lawyers in the drug trafficking case. In addition to General Noriega, there are 15 defendants, six of whom are in custody.

At the hearing Thursday, Judge William M. Hoeveler repeated his order that all future requests for classified documents or motions involving classified material be kept under seal.

Some defense lawyers in the case also questioned the tactics of the team of Justice Department security specialists who came to Miami to meet with lawyers to discuss how to handle national security documents and advise them about whether they needed federal security clearances.

Under the provisions of the Classified Information Procedures Act, the court is required to use such specialists, who are instructed to be objective observers in court cases.

But some defense lawyers suggested that the security specialists were going too far, asking questions about defense strategy and specific documents the lawyers want to use.

"They're trying to implement very, very rigid controls over any information about the case," said Samuel I. Burystyn, a lawyer for one of the defendants. "They're trying to do FBI clearance checks on the lawyers."

Meanwhile, officials in Washington said the office of the independent prosecutor in the Iran-contra case was interested in obtaining access to the huge amounts of documents seized by U.S. troops during the invasion of Panama.

They said the prosecutor, Lawrence E. Walsh, wanted to explore the Reagan administration's dealings with General Noriega in the Iran-contra affair.

Iran-contra investigators hope that the files of the deposed leader can furnish new details of his contacts with George Bush while Mr. Bush was vice president and information about General Noriega's dealings with other Reagan administration officials like Rear Admiral John M. Poindexter, former national security adviser, and Oliver L. North, the former national security council aide.

Mr. Walsh declined to comment on his interest in the documents. But discussions have recently been under way in his office about obtaining them, officials said.

S. Lyon-Reuters

Paratroopers of the U.S. 82d Airborne Division in Panama City, shortly before more than 2,000 members of the army division were flown back to the United States. They returned on Friday morning to Fort Bragg, North Carolina, parachuting from transport planes as spectators cheered.

A Mixed Welcome For Juan Carlos

Mexico Visit Stirs Colonial Memories

By Larry Rohter
New York Times Service

MEXICO CITY — The arrival here of King Juan Carlos I and Queen Sofia of Spain for a state visit has reawakened the ambivalent and contradictory feelings Mexico harbors for its mother country, with the royal couple getting a reception oscillating between warmth and hostility.

The visit to the most populous Spanish-speaking nation in the world comes as Mexicans are re-examining their relationship with their former colonial masters. With 1992 marking both the 500th anniversary of Columbus's arrival in the New World and Spain's full integration into the European Community, Mexico and other Latin American countries are uncertain of how they fit into Spanish plans, and have been pressing Spain to both preserve and redefine traditional ties.

"A visit by a Spanish monarch inevitably produces conflicting sentiments in Mexicans," said Homero Aridjis, author of two recent novels about the Spanish Conquest.

"For some sectors of the population it reopens old wounds and historical resentments," he added. "But others greet it with enthusiasm, not only for the snob factor associated with royalty, but also because they think the Spaniards are bringing economic benefits with them."

The king's schedule during the six-day trip, which began Tuesday, includes meetings with President Carlos Salinas de Gortari and other government officials, businessmen, intellectuals, members of the Spanish community and the Mexican Commission for the Fifth Centenary.

In an act filled with symbolism in a country whose indigenous civilizations were obliterated by the 16th-century Spanish conquistadors, the royal couple will also tour the Mayan and Mixtec sites of Edzna and Monte Alban.

The centerpiece of the visit is a treaty of friendship and cooperation, signed Thursday, in which Spain will make available to Mexico up to $4 billion in trade and investment credits and low-interest loans over the next five years.

The king is accompanied by a delegation of Spanish businessmen and bankers, who have been discussing joint ventures and other forms of economic cooperation with their Mexican counterparts.

The treaty is the most concrete indication of the rapid warming of relations between the two nations, which broke formal ties after Franco's triumph in the Spanish Civil War in 1939 and resumed them after the dictator's death in 1975. Mexico's willingness to shelter thousands of Spanish exiles and refugees during the Franco dictatorship "deserves the everlasting gratitude of Spain," the king said.

While newspapers and television have been focusing on the Spanish monarchs, the National Council of Indian Peoples began demonstrating outside the Spanish Embassy in Mexico City on the eve of the royal couple's arrival. A leader of the group, Genaro Dominguez, said the protest had been organized to repudiate the Mexican government's decision to honor "those who represent colonialism and the oppression of our race."

"We reject the criminal pretension of celebrating the pillage and genocide of which we were the object 500 years ago," he added, referring to the coming commemoration of Columbus's voyage that Spain is organizing with more than 25 Latin American countries.

Although for 300 years Spain ruled Mexico, originally known as New Spain, the country's cultural identity derives principally from the Aztec and other Indian peoples the Spaniards vanquished.

In this century, the United States has emerged as the dominant foreign economic power in Mexico, as well as a major cultural influence. Since the re-establishment of relations with Spain in 1977, many Mexicans have come to look on Madrid as a welcome and valuable counterweight to U.S. dominance, and have sought to increase both cultural links and trade and investment.

Interest in the Spanish market has accelerated with Spain's admission to the European Community and the commercial opportunities that association appears to offer for Mexico, which is eager to join the world economy as Spain has done.

But many Mexicans worry that Spain may be turning its back on its former colonies in its eagerness to become a full-fledged member of the European Community.

Spain's entry into the EC in 1986, which required it to relinquish preferential trade agreements with Mexico and some other Latin American countries, had a major impact in Mexico. Mexican exports to Spain immediately dropped more than 50 percent and the country has been struggling since to regain its share of the Spanish market.

In Rural Panama, Mistrust Between Ins and Outs

By Mark A. Uhlig
New York Times Service

SANTIAGO DE VERAGUAS, Panama — When word came that invading U.S. troops were on their way, Hermel Rodriguez Aguilar came out of hiding, summoned up his courage and went to claim power from the local military officials who had made a habit of beating and jailing opposition politicians like him.

Armed only with a telephone message from the new government naming him as the new governor of the rural province of Veraguas, Mr. Rodriguez and a town priest approached the bunkerlike National Defense Forces post here.

Nervously, Mr. Rodriguez, a 39-year-old lawyer, met the men who had arrested his children and beaten his wife.

Then he announced what the surrendering troops already knew: they were out, and he was in.

"They were angry," said Mr. Rodriguez, recalling fear at the meeting. "They were disgusted. But in the end they knew they didn't have a choice."

In contrast to the bitter, sometimes chaotic gun battles that accompanied the seizure of Panama City, the conquest of rural Panama has been a systematic process that has resulted in a minimum of bloodshed.

In the sprawling, mountainous reaches of western Panama, which is home to about one-third of the country's population, only one of the region's estimated 2,000 Panamanian soldiers was wounded as the U.S. advance rolled forward, and no American soldiers were killed or injured in combat, U.S. officials say.

Since that late-night meeting, Mr. Rodriguez has held nominal power in Santiago, a community that once was a bastion of support for Manuel Antonio Noriega, the former general.

Two local military commanders were arrested and taken away by U.S. forces, a new police chief approved by the Americans was sent in from Panama City, and the stockpile of weapons at the local National Defense Forces garrison was impounded.

But with the memories of past antagonisms still fresh, the degree of Mr. Rodriguez's long-term authority is still a question.

Townspeople and U.S. intelligence officers say they believe that citizens on all sides in Santiago have secretly kept weapons ranging from pistols to automatic assault rifles.

The town has become a symbol of the challenges now faced by U.S. forces in rural Panama as they try to build working civilian governments in a society long used to military rule.

"The community and the newly formed police force are filled with mutual distrust," said an internal U.S. Army report that assigned the town a "red" rating, indicating a highly unstable situation.

"The mayor, The United States forces, the police and the people feel isolated," the report said.

The job of establishing a new system of government has required subtle, important judgments about everything from the trustworthiness of former Defense Forces troops to the popularity of potential mayoral candidates.

The speed and circumstances of those decisions have placed extraordinary burdens on young U.S. officers in the field, who have found themselves making critical political decisions after only a brief exposure to the problems and personalities of the towns they occupy.

In town after town, U.S. troops used night operations and helicopter assault tactics to surround and overwhelm National Defense Forces garrisons.

Special night-fighting units of 350 to 500 men surrounded the command post in each town, appearing suddenly at dawn accompanied by attack helicopters and AC-130 aircraft gunships, which circled above.

In most cases, Spanish-speaking commandos from the U.S. Army Special Forces then simply called the besieged headquarters on the telephone, ordering the local commander to fly a white flag, disarm him men, and give himself up.

"We call it the Ma Bell approach," said Colonel Lin Burney, 44, the commander of the 2,200 U.S. troops in western Panama.

After the surrender of each garrison, U.S. troops have used a list furnished by the CIA to round up and "evacuate" all senior Noriega government officials or prominent collaborators to detention camps near the capital.

The U.S troops, who have seldom occupied a town in large numbers for more than two or three days, have found it difficult to find and screen political leaders to replace them when they leave.

In Santiago, the situation still is dominated by continuing mistrust between Mr. Rodriguez, who is also president of the chamber of commerce, and the remnants of the local military unit, now headed by an American-approved officer, Major Carlos Acosta.

In contrast to other cities where American troops have withdrawn completely, the U.S. Army contingent that now occupies the local hotel amounts to a full platoon of combat-ready soldiers.

"We'll stay long enough to make it work," Colonel Burney said. "We've invested too much to have it screwed up now."

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IHT EXTRAS

Full weekend sports results in Monday's IHT

Friday's market closings in Saturday's IHT

Lyle Wheeler, Movie Art Director, Dies

The Associated Press

LOS ANGELES — Lyle Wheeler, 84, the movie art director who won five Oscars for such classics as "Gone With the Wind," "The Diary of Anne Frank" and "Anna and the King of Siam," died Wednesday of complications from pneumonia in Woodland Hills, California.

He also won for "The Robe" and "The King and I" and was widely recognized as the dean of art directors from the late 1930s through the 1950s. His career spanned about 400 films. He was nominated for the Academy Award 24 times.

These included "The Prisoner of Zenda," "The Cardinal," "Love is a Many Splendored Thing," "Journey to the Center of the Earth," "David and Bathsheba" and "The Snows of Kilimanjaro."

In recent years he hit hard times and lost his five Oscars when he could not pay a storage bill. A sympathetic fan bought and gave him back his 1959 Oscar for "The Diary of Anne Frank."

John L. Clive, 65, Harvard Historian

New York Times Service

John L. Clive, 65, a Harvard professor of history who won a National Book Award in 1974 for his biography of Thomas Babington Macaulay, the 19th century historian, died Jan. 7 in Cambridge, Massachusetts.

"Macaulay: The Shaping of a Historian," won critical praise for examining the personality as well as the accomplishments of his subject. The National Book Critics Circle picked his latest book, "Not by Fact Alone: Essays on the Writing and Reading of History" as one of five nominees for its 1990 award for distinguished criticism.

Juliet Berto, 42, French Film Actress

PARIS (AP) — Juliet Berto, 42, Jean-Luc Godard's leading lady in many of avant garde films including "Week-end" and "La Chinoise," died of cancer Wednesday.

She went on to a successful career directing movies, including "Neige," about drug trafficking in Paris. She also starred in Joseph Losey's award-winning "Monsieur Klein" with Alain Delon in 1976.

■ *Other deaths:*

Rose Kushner, 60, a vigorous advocate for women with breast cancer, on Sunday of the disease in Kensington, Maryland. She gained recognition in 1975 when she wrote a book about her case.

Georgie Auld, 70, the Canadian saxophonist who caught attention with the bands of Bunny Berigan and Artie Shaw and then with the Benny Goodman sextet, on Monday of cancer in Palm Springs, California.

Spurgeon (Spud) Chandler, 83, the American League's Most Valuable Player in 1943, on Tuesday in St. Petersburg, Florida. He pitched the New York Yankees to a World Series title that year with two wins. One was a 2-0 shutout in the fifth and deciding game against the St. Louis Cardinals.

Tadeusz Brzezinski, 93, a former Polish consular official and the father of President Jimmy Carter's national security adviser, Zbigniew Brzezinski, of pneumonia on Jan. 7 in Montreal.

Bogotá Raid Nets Top Drug Figure

Reuters

BOGOTA — The reputed drug kingpin Jesús Evelio Zapata López and nine other persons were arrested as the authorities moved to dismantle a group of cocaine traffickers, the police said.

They said Thursday that the arrests of members of the group known as the Bogotá cartel were made during 20 raids on residences and safehouses in and around the capital on Wednesday.

DEATH NOTICE

The family of
Walter Sharp EVANS
former professor of George School and Rider College, regrets to announce his death in Newtown, Pennsylvania on January 8th at the age of 70. Sincere condolences to the son, Dick Evans from the International Herald Tribune.

AMERICAN TOPICS

U.S. and Moscow Join In Bering Park Plan

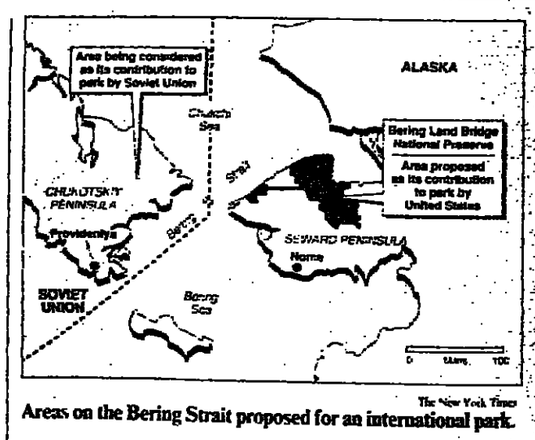
U.S. and Soviet officials have recommended the creation of an international park along the Bering Strait, which separates Alaska from Siberia.

The recommendation by experts from both countries has been under consideration since 1972. It was accepted by Manuel Lujan Jr., the U.S. interior secretary, and V.G. Sokolovsky, deputy chairman of the Soviet State Committee for Protection of the Environment. Officials said they hoped the park would be established soon.

At its narrowest point, the strait is about 50 miles wide (80 kilometers).

The U.S. contribution to the park would be the 2.8 million acres (1.1 million hectares) of the Bering Land Bridge National Preserve. The Soviet Union probably would contribute an equal amount of land. The United States' Little Diomede Island and the Soviet Union's Big Diomede Island, less than three miles apart, are not included in the project.

Each country would have its own superintendent to manage its area of the "Beringian Heritage" park, but joint programs would be drawn up for science, culture and recreation.



The New York Times

Areas on the Bering Strait proposed for an international park.

Short Takes

As U.S. Supreme Court rulings on civil liberties have grown more restrictive in recent years, New York state's highest court, the Court of Appeals, has been relying on the state constitution to extend protections for individuals beyond those granted by the Supreme Court. The Court of Appeals has ruled, for example, that the state demands a more stringent standard than the federal government for searching a car or closing an "adult" bookstore. The New York Times says some other states are following the New York example.

A Seattle importer, Andy J. Koffman, says he plans to enter 3-foot (90-centimeter) Goliath African frogs in the annual frog jumping contest to be held in May in Angels Camp, California, despite objections by the state fish and game department. A state spokesman said the huge amphibians might get loose and harm native wildlife. They can jump 30 feet in a single bound, while the local record is 21 feet, 5¾ inches — in three hops.

Amtrak, the federally operated passenger rail system, had slightly fewer passengers last year, 21.4 million, or 0.5 percent fewer than the record 21.5 million in 1988, but record revenues of $1.27 billion, up from $1.1 billion in 1988. This was largely because of higher fares and more long-distance travelers. Amtrak also reduced its reliance on government subsidies to the lowest level yet, covering 72 percent of its own operating costs, up from 69 percent the year before. Amtrak aims to do without subsidies entirely by the year 2000.

Accused of hiring a man to inject his former girlfriend with the AIDS virus, Charles Crewse, 55, has been jailed in St. Charles, Missouri, in lieu of $100,000 bail. He allegedly offered $1,000 to a man with access to a medical laboratory to kill the 36-year-old woman by injecting her with the virus that causes acquired immune deficiency syndrome. Instead, the supposed accomplice alerted the intended victim, police said.

"Upside-Down Cajun Pickles" are sold that way, in an upside-down jar with a right-side-up label. When the spices settle in jars stored and sold upside down, the pickles closest to the opening, those usually eaten first, marinate better. The jar won the annual award for package design from the National Association for the Specialty Food Trade.

Chrysler has unveiled its new Dodge Stealth sports car, named after the Stealth bomber that eludes detection by enemy radar. But the Los Angeles Times asked, "Can it evade California Highway Patrol radar? Or, more important, if you fail to make the payments, can it evade the repo man?"

Arthur Higbee

With an 11-Ton Catch, Shuttle Retrieves Lab From Faltering Orbit

By John Noble Wilford
New York Times Service

CAPE CANAVERAL, Florida — After a three-day chase round and round the world, the astronauts of the space shuttle Columbia caught up Friday with a bus-sized science satellite, snared it with a robot arm and tucked it away in the cargo bay for the trip home to Earth.

Officials of the National Aeronautics and Space Administration said the retrieval of the 11-ton Long Duration Exposure Facility, or LDEF, was a complete success and followed "a flawless rendezvous" at an altitude of 206 miles (332 kilometers).

Astronauts have recovered orbiting satellites before, but never one as big as this one, which is 30 feet (9 meters) long and weighs 11 tons.

Had they failed to rescue the space laboratory, officials said, the 57 experiments on board would have been lost as gravity pulled the satellite to a flaming re-entry into Earth's atmosphere about March 9.

"The rendezvous just went famously," the flight director, Al Pennington, said at the control center in Houston after the morning rescue. "It looks like we really have a valuable piece of science in our grasp."

The satellite, which has been in space since April 1984, carries experiments to test the effects of long-term space exposure to items ranging from tomato seeds to spacecraft construction materials.

A preliminary visual inspection of the 30-foot-long cylindrical craft revealed some of the wear and tear from almost six years of exposure to the radiation, micrometeorite impacts and other conditions of space. Aluminum foil covering two experiments was in tatters. Some thin polymer films appeared to be completely eroded.

But the satellite was a "lovely sight," engineers agreed. Analysis of how test materials withstood long exposure to the space environment in the months ahead is likely to influence the design of future spacecraft, particularly vehicles for the long journeys to and from Mars and space stations with expected lifetimes of 30 years or more.

For Columbia, which had deployed a U.S. Navy communications satellite on Wednesday, it was the completion of the main mission objectives. The five astronauts aboard are to remain in space another week, conducting experiments and testing the shuttle's capabilities for longer-duration flight.

In the retrieval operation, eight rocket-firing maneuvers brought the shuttle first within radar range of the satellite, and then the astronauts could see it themselves.

Two and a half hours later, over the Equator in the central Pacific, television cameras on Columbia began transmitting clear pictures of the satellite, 85 feet below. One end of the cylindrical craft faced out to deep space, and the other end pointed to Earth.

Because the two craft were traveling at almost the same speed of 18,000 miles per hour (29,000 kilometers per hour), they appeared motionless relative to each other as they entered the light of day near the coast of Baja California.

At one rear window of Columbia, the mission commander, Captain Daniel C. Brandenstein of the U.S. Navy, steered by manual control, easing the shuttle in closer, a few inches each second.

Columbia was flying upside down, with its open cargo bay facing the satellite.

From another rear window, a mission specialist, Bonnie J. Dunbar, operated controls for the 50-foot mechanical arm, extending it slowly toward a grappling pin on the side of the satellite, which had been designed for just such a retrieval.

From less than 30 feet away the mechanical claw clamped tight on satellite, which had been alone circling Earth 32,423 times, for a cumulative distance of almost 742 million miles, approximately the distance from Earth to Saturn.

The successful retrieval ended a chase that began with Columbia's launch on Tuesday and covered 1.3 million miles, during which the astronauts circled the globe 50 times.

Launched in April 1984 by another shuttle crew, the satellite was to have been retrieved 10 months later. But scheduling problems and the 1986 Challenger disaster delayed the rescue.

The planned 10-day mission is scheduled to end with a landing at Edwards Air Force Base in California on Friday.

Havel's Passage to the Presidency: Jail Was Good Training

By Craig R. Whitney
New York Times Service

PRAGUE — President Vaclav Havel's third-floor office in the Prague Castle these days has the urgent chaos of a theater stage the day after opening night. Mail is piled on the floor. Young secretaries and assistants rush in and out. Unwanted paintings stand around against the wall like discarded scenery. Telephones ring and ring and often go unanswered.

The Czechoslovak president, tieless in black denim jeans and a lavender shirt, is a world-renowned playwright who looks younger than his 53 years.

He said in a brief interview that the theater was not where he had found the most useful guideposts in what he called "this curious passage from jail to the castle."

"Jail gave me extremely good preparation for my work in this office," he said. "In the first place, it taught me not to be surprised by anything. Second, it cultivated in me some instincts which I need in this office, and, third, it facilitates for me the solving of one of the many problems we have to deal with, such as the state security and the dark forces in our country."

Czechoslovakia has begun talks with the Soviet Union on withdrawing the 70,000 soldiers that have been stationed in the country since the Warsaw Pact invasion of 1968, a pullout that the Czechoslovaks want to be completed by the end of this year.

When he was asked whether Czechoslovakia would remain a member of the Communist alliance after that, Mr. Havel said: "If a totalitarian system is dismantled, some peculiarities remain. Some things I cannot discuss with The New York Times before I discuss them with President Gorbachev in Moscow."

Aides said that Mr. Havel would make his first official visit to Moscow next month. He said he also expected to go to the United States soon to visit President George Bush, Congress, and other representatives of American civic, cultural, and business life.

"I expect from the United States several things," he said. "First, understanding for some peculiarities of Czechoslovak foreign policy."

He added: "I expect moral support for the processes taking place in Czechoslovakia. I expect significant economic help, on the basis of equality, and not on the basis of somebody big and rich giving presents to somebody small and poor."

Secretary of State James A. Baker 3d, who plans to go to Moscow early next month, may also stop in Prague, some officials say.

Mr. Havel was unanimously elected president by the Czechoslovak legislature at the end of last month, but immediately said he saw his mission as insuring that a new parliament was democratically elected later this year.

Asked whether he would be willing to serve a new term after that, he replied:

"The president of the Czechoslovak Republic is elected for five years. He has to be elected 40 days after the first meeting of the Federal Assembly after elections. Who this president will be, naturally, I do not know. Nor do I know whether I will or will not be among the candidates, or, if I am among the candidates, whether I will accept.

"Nevertheless, I know that I am capable of estimating how long this country needs me in this office and when it needs somebody better than I, or simply somebody different. As soon as my homeland does not need me in this office, I will with great appetite devote myself to my original profession, and write or even work in some kind of theater."

On Wednesday night, he attended a performance of his 1975 play, "Audience," set in a provincial beer brewery like the one in Trutnov where he worked during one of his correctional periods.

The 45-minute play is an extended, beery encounter between an intellectual in exile and his brewmaster-overseer. Mr. Havel stayed talking to the two companies doing the play here, the American Actors' Studio and a Czechoslovak group, until well past midnight, according to Michael Zantovsky, his press aide.

Asked on Thursday whether any of his former jailers or interrogators had written to congratulate him on his office, Mr. Havel referred to the piles of unanswered mail and said perhaps there were some letters in there.

"I was visited in the Civic Forum by a delegation from Bory Prison, where I was jailed," he said. "There were three people in civilian clothes who were trying somehow to attract my attention. I did not recognize them, and said to them, well, since your release you've grown beards and gotten fatter, and I apologized for not recognizing them."

"They said, 'We are not prisoners, we are representatives of the correctional institute in Bory, and we have come to tell you that you should immediately dismiss the head of the jail.'" Mr. Havel said. "At that time, our friend Dagmar Buresova was already minister of justice. So I passed on their message and I assume that she took care of it."

In Mr. Havel's new job, his greatest power is the moral authority he gained in two decades of persecution by the discredited Communists who took over in 1968.

The day-to-day running of the machinery of state is in the hands of the government, now led by a Communist, Prime Minister Marian Calfa.

Mr. Havel's 20 or so close aides, mainly personal friends, said they were still not sure how many people were on the president's staff, or what all of them did.

Unlike his predecessor, Gustaf Husak, Mr. Havel lives in an apartment downtown, is driven to work in his own four-dar Renault 21, presented as a gift by President Mario Soares of Portugal, and has put modern art up on his office walls, including a painting of two nudes by the Czechoslovak artist Jiri Sobko.

"I knew that if I accepted this high state office," Mr. Havel said, "that I would have to deal within minutes, hours and days with problems that had been growing and accumulating for 50 years."

■ Voting Set for June 8

Government television reported Friday that opposition leaders and Communist officials have set national elections for June 8, The Associated Press reported from Prague.

Sofia Factions Reach Accord On Ethnic Issue

Reuters

SOFIA — Bulgarian nationalists, Muslims and government and opposition representatives reached an agreement Friday intended to defuse ethnic tension.

An 11-point document, produced after five days of talks, set out a list of proposals that included the right of all Bulgarians to choose their own names and practice any religion.

"Nobody has the right to force any one to change his name," the document said. "But if anyone elects to alter it of their own free will they should be guaranteed the right to do so."

It added that a special law on the right to choose names should be passed by the end of next month.

The talks were arranged Sunday after thousands of Bulgarians demonstrated against the authorities' decision to reverse an assimilation campaign against the country's 1.5 million ethnic Turks and other Muslims.

VISIT: *Gorbachev's Lithuania Rift*

(Continued from page 1)

leverage. The republic depends on subsidized Soviet oil and steel, as Mr. Gorbachev has reminded them at every stop, but Lithuanians long ago readied themselves, at least theoretically, for a period of economic hardship.

Yuri D. Maslyukov, the chairman of the Soviet state planning agency and a member of the Politburo, said in a meeting with Lithuanian factory workers this week that economic threats only generated resentment.

"I have had a chance to observe how residents of the republic react with irritation to outside speculation about how much their freedom will cost them in rubles or in convertible currency," he said. "And obviously, they are right. It is for them to determine their own fate."

Mr. Gorbachev's worst nightmare goes something like this:

In their local elections scheduled for Feb. 24, Lithuanians elect a new parliament dominated by devout nationalists. The legislators convene a few weeks later and vote to hold a referendum on secession.

Under a law approved in the republic in November, a simple majority of eligible voters would be required for passage of a referendum. Few doubt that if such a plebescite were put on a ballot today, it would pass comfortably.

Other republics, beginning with restive Baltic states of Estonia and Latvia, soon join the exodus, or use the threat of secession to demand concessions from Moscow — territorial claims, exemption from military service, budget-breaking economic investments.

Moscow's show of impetus would further embolden nationalists in Azerbaijan, where ethnic violence was reported Friday to be roaring out of control in at least three regions.

The Kremlin — the dire scenario goes — would be swamped by a flood of ethnic Russians fleeing home from breakaway republics, demanding compensation and indignant toward the permissive Soviet leader who lost Lithuania.

Mr. Gorbachev and his program of political and economic change would be hard-pressed to survive the breakup of the union.

In practice, the disintegration of the Soviet Union is probably not quite so imminent.

Most Lithuanians, while bent on independence, speak of a timetable of years, rather than months, for disengaging from the union.

Even if Lithuania, where the native ethnic group makes up 80 percent of the population, votes to secede, separatists expect a harder time mustering a majority in Estonia, where 40 percent of the population is non-Estonian, and Latvia, where the native population is outnumbered by Russians and other non-Latvians.

Mr. Gorbachev's performance in Lithuania this week is directed to different audiences.

First, he hopes to postpone a secession move by underscoring the economic and political chaos that would ensue, and by imploring Lithuanians to test their greater autonomy within a promised new federation.

"Do you know what a federation is?" Mr. Gorbachev demanded in a meeting Thursday with Lithuanian intellectuals. "How could you know? You have never lived in one."

He also hopes his bid for patience will be endorsed by prominent Lithuanians who have kept their credibility by keeping their distance from Moscow.

Another target of Mr. Gorbachev's crusade is the influential group of Communist Party conservatives who have balked at giving the Baltic republics the freedom to run their own affairs.

(Reuters, AP)

Officer Slain In Clash in Azerbaijan

Compiled by Our Staff From Dispatches

MOSCOW — A Soviet officer was fatally shot and a noncommissioned officer was wounded in a gun battle in the disputed region of Nagorno-Karabakh on Thursday night, Tass reported Friday.

The press agency said that clash took place in the Azerbaijani-populated village of Akhullu and that the two were hit as security forces moved in to restore order. It said that a lieutenant of the Interior Ministry's forces died in a hospital in the Georgian capital, Tbilisi, and that a sergeant was wounded. The agency gave few no other details.

In a separate incident on Friday, Azerbaijani militants, wearing bulletproof vests and armed with automatic weapons, attacked the predominantly Armenian village of Manashid, in Azerbaijan near the border of the Nagorno-Karabakh Autonomous Region, Tass said. It said there were casualties on both sides.

Nagorno-Karabakh, a mountainous enclave under Azerbaijani rule but populated largely by Armenians, has been in a state of virtual civil war for two years. The dispute has left more than 200 dead.

It was also reported Friday that Georgians demanding independence drove officials from offices in the Caucasus.

The activist, Irina Sarishvili, said protesters occupied the town and regional offices on the banks of the Kura River. "Soviet power has ceased to function," Mrs. Sarishvili, a leader of the pro-independence National Democratic Party of Georgia, said by phone from Tbilisi. *(Reuters, AP)*

CAMBODIA: *UN Gains Backing*

(Continued from page 1)

of Indonesia, Khmer Rouge leaders had not rejected the proposal for an interim UN administration in Cambodia.

Instead, the Khmer Rouge called for continued international backing for a plan to form an interim Cambodian administration made up of the Phnom Penh regime and the three groups in the resistance coalition, a proposal that Hun Sen and Vietnam have rejected.

Officials in Thailand said the Association of South East Asian Nations had voiced support for the Australian plan as well. ASEAN comprises Indonesia, Malaysia, the Philippines, Singapore, Thailand and Brunei.

The permanent members of the UN Security Council are to meet in Paris on Monday and Tuesday to discuss possible UN involvement to halt a recent surge in fighting in Cambodia.

After the announced withdrawal of Vietnamese forces from Cambodia in September, the Khmer Rouge and the two non-Communist guerrilla groups in the opposition coalition intensified attacks against the Phnom Penh government. The Khmer Rouge is armed and supplied by China.

In Paris, senior officials from permanent members of the Security Council will consider the Australian plan to put Cambodia under UN control using the country's existing bureaucracy but removing its political leadership.

Analysts and diplomats said that the Paris meeting would make clear that prospects for improving relations with Western and Asian nations after the crackdown on the pro-democracy movement would be enhanced if Beijing supported a UN role in Cambodia.

"This will be a test case of China's intentions," said Jusuf Wanandi, the supervisory board chairman of the Center for Strategic and International Studies in Jakarta.

A Western diplomat said that the meeting in Paris would be used "to bring some subtle pressure to bear on China" to play a more constructive part in ending the Cambodian conflict.

Asian analysts said, however, that China was likely to reject suggestions that it use its influence with the Khmer Rouge.

Asian and Western diplomats said that the United States, the Soviet Union and many other countries had concluded that the Australian initiative offered the best prospect for a settlement that would prevent the Khmer Rouge from regaining power. Hundreds of thousands of Cambodians are reported to have died under the Khmer Rouge regime between 1975 and 1979.

ROMANIA: *Party Is Banned*

(Continued from page 1)

cion of former Communists in the committee and government that a prominent non-Communist committee member, Dumitru Mazilu, went along with its demands that the United Nations be asked to supervise the country's first free elections since 1947.

Those elections are tentatively scheduled for April amid growing indications that they may be postponed for several months to allow other political parties to get organized.

"Since you want it, you'll have elections under UN supervision," Mr. Mazilu told the cheering crowd.

So concerned was the prime minister by the crowd that he telephoned for help from students who played a prominent role in the uprising last month. But Friday they failed to answer his call in any great numbers.

If anything, students at the demonstration said they expected pressures on the revolutionary government to grow next week when the many more students return from Christmas holidays.

RUSHDIE ON PYNCHON: *The Invisible Man's Triumphant, Uncharted Return*

(Continued from page 1)

possessed, continuing as a body to refuse to be bought off any but the full price, which they had never named."

That's what we're up against, folks, and what Mr. Pynchon used to set against it in the old days was entropy, seen as a slow, debauched, never-ending party, a perpetual coming down, shapeless and meaningless and therefore unshaped and uncontrolled: freedom is chaos, he told us, but so is destruction, and that's the high wire, walk it if you can. And now here we are in "Vineland," and the entropy's still flowing, but there's something new to report, some faint possibility of redemption, some fleeting hints of happiness and grace. Thomas Pynchon, like Paul Simon's girl in New York City, who calls herself the Human Trampoline, is bouncing into Graceland.

It's 1984 in Vineland County, in northern California. Dates really matter in this book. Even the movies come with dates attached: "*The Return of the Jedi* (1983)," "*Friday the 13th* (1980)," (Everybody was Jason that year"), "*Gidget Goes Hawaiian* (1961)," "*Godzilla, King of the Monsters* (1956)." We're talking massive culture here, and mall culture, too, because this is a 1984 flowing with designer seltzer "by Alaïa and Blass and Yves," and the malls have names like Noir Center (as in film noir) and the mall rats have names like Che. And, in this 1984 that Orwell could never have imagined, the skies contain marauders who can remove people from commercial airliners in mid-air, and a research lab belonging to a "shadowy world conglomerate named Chipco can be stomped into Totality, flattened beneath a gigantic and inexplicable animal footprint, size 20,000 or thereabouts. This is also Ronald Reagan's re-election year, and that, for all the leftover hippies and 60s activists and survivors and casualties, could mean it's time for the "last round-up."

Listen closely now. Zoyd Wheeler, father of beautiful teenage Prairie, whose mother, Frenesi Gates, went off with the arch-baddie Brock Vond, federal prosecutor and psychopath, collects mental disability checks from the state by jumping through plate-glass windows once a year. The novel begins with such a jump, and thereafter fragments into myriad different narrative shards (but, at the end, the pieces all leap off the floor and fit miraculously together, as if a film were being run backward). Prairie is obsessed with her vanished mother, and so is everyone else in the novel: so is Zoyd, so is Brock Vond, who was her lover and who turned her from a radical film maker, the child of a blacklisted and Wobbly family, into an FBI sting specialists, and turned her toward her own dark side. Frenesi, meanwhile, is out of sight, having been axed by Reagenomics from the slashed F.B.I. budget, so that at the center of this novel by the master of vanishing acts is a largely invisible woman, whom we learn about through the eyes of others.

Now then: Vond appears to be after Prairie, maybe to use her against Frenesi, so Zoyd, as he dives for cover, sends her into hiding as well. Prairie's odyssey takes her closer and closer to Frenesi, by way of a band called Billy Barf and the Vomitones, whom she follows to a mob wedding where she meets her mother's old friend, the Ninjette Darryl Louise (DL) Chastain, who was once obliged, by the mob boss Ralph Wayvone, to try to assassinate Brock Vond by using, during the sexual act, the Ninja Death Touch, also known as the Vibrating Palm, which the victim never feels and which kills him a year later, while you're having lunch with the police chief — except that Vond, skilled in eluding death ("He's the Roadrunner," says Wayvone, admiringly), manages to send along in his place the Japanese private eye Takeshi Fumimota, who gets the Vibrating Palm by mistake; and, as if that weren't enough trouble for Takeshi, he's also being chased by the same malign forces that arranged for the Chipco stomping, which he investigated.

And anyhow, through DL and Takeshi, Prairie gets to find the doors to her mother's past, on computer records and in film archives and in the memory of Frenesi's old friends, and we reach the story's dark heart, namely the events that took place in the 1960's at Trasero County's College of the Surf, which renamed itself, after the fashion of those loon-panted days, the People's Republic of Rock and Roll. And we hear, as Prairie hears it, how her mother betrayed the leader of this little revolution, who rejoiced in the name of Weed Atman, and who now, after death, still roams the forests of northern California as a Thanatoid, a member of the undead, unable to find peace. And eventually Prairie's search for Frenesi, and Brock's search for Prairie and Frenesi (which takes him, along with a huge strike force, to Vineland) come to a climax, complete with helicopters and Thanatoids and family reunions and an old woman and an old man who can remove your bones and leave the rest of you alive. You get the picture.

It either grabs you or it doesn't, I guess. It grabbed me. I laughed, many times, out loud, often at Mr. Pynchon's absurdly brilliant way with names (a manager of microchip musical gimmickry is called Tokkata & Fuji, which to my mind is as funny as the German town in "Gravity's Rainbow" named Bad Karma) and at the little songs with which I'm happy to report he's still littering his texts, high points of this particular set being the Desi Arnaz-style croon, "*Es posible*," and Billy Barf's "three-note blues" called "I'm a Cop," with lyrics that are, unfortunately, unprintable here.

There is enough in "Vineland" to obsess the true, mainlining Pynchomane for a goodly time. One could consider, for example, the significance of the letter V in Mr. Pynchon's *oeuvre*. His novel "V." was actually V-shaped, two narratives zeroing in on a point, and "Gravity's Rainbow" was the flight path of a V-2 rocket, a deadly parabola that could also be described as an inverted V. And here's the letter again — what does it mean? — with all the death imagery in this novel, with its use of old Amerindian death myths. Are we being told that America in 1984 is in fact the land of the dead, V-land, the universe beyond the zero? One could do a number of further riffs on the more allegorical of the names: Weed = marijuana, and Atman = soul; and, hey, Frenesi turns out to be an anagram of "free" and "sin," the two sides of her nature, light and dark, just as the hero of "Gravity's Rainbow," Tyrone Slothrop, could be made to reveal his essence anagrammatically, turning into "sloth or entropy." Sure, it's still working, that ole anagrammar.

But what is perhaps most interesting, finally, about Mr. Pynchon's new novel is what is different about it. What is interesting is the willingness with which he addresses, directly, the political development of the United States, and the slow (but not total) steamrollering of a radical tradition many generations and decades older than flower power. There is a marvelously telling moment when Brock Vond's brainchild, his school for subversion in which lefties are re-educated and turned into tools of the state, is closed down because in Reagan's America the young think like that to begin with, they don't need re-education.

What is interesting is to have before us, at the end of the Greed Decade, that rarest of birds: a major political novel about what America has been doing to itself, to its children, all these many years. And as Thomas Pynchon turns his attention to the nightmares of the present rather than the past, his touch becomes lighter, funnier, more deadly. And most interesting of all this is that the aforementioned hint of redemption, because this time entropy is not the only counterweight to power; community, it is suggested, might be another, and individuality, and family. These are the values the Nixon-Reagan era stole from the 60s and warped, aiming them back at America as weapons of control. They are values that "Vineland" seeks to recapture, by remembering what they meant before the dirt got thrown all over them, by recalling the beauty of Frenesi Gates before she turned.

Thomas Pynchon is no sentimentalist, however, and the balance between light and dark is expertly held throughout this novel, so that we remain uncertain until the final pages as to which will prevail, hippie heaven or Federal nemesis. And we are left, at the last, with an image of such shockingly apt moral ambiguity that it would be quite wrong to reveal it here.

Vineland, Mr. Pynchon's mythical piece of northern California, is, of course, also "Vineland," the country discovered by the Viking Leif Ericsson long before Columbus. It is "Vineland the Good"; that is to say, this crazed patch of California stands for America itself. And it is here, to Vineland, that one of America's great writers has, after long wanderings down his uncharted roads, come triumphantly home.

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Misfire in the Drug War

In the abstract, it was a good use of the military for the widely agreed upon purpose of fighting drugs. The Pentagon was to park an aircraft carrier group off the Colombian coast and use its wizard technology to track airplanes rising from clandestine airstrips and to otherwise spot drug traffickers. This was to take place in international skies and waters and in consultation and cooperation with Colombian authorities. Colombia's democratic government, which has set a worldwide standard of honesty and courage in fighting drugs, seemed an ideal partner for this major initiative in inter-American diplomacy and law enforcement.

But the plan has turned out to be a disaster. U.S. officials consulted Colombians at various levels, but not, it seems, adequately at the top. In some of their public statements, they failed to take Latin sensibilities fully into account, and they were slow to grasp that the Panama intervention was bound at least temporarily to lower Colombian tolerance for anything smacking of the use of U.S. military power in Latin America. Suddenly the plan to put ships or radar planes off the coast was being attacked in Colombia as a "blockade" and as "gunboat diplomacy."

President Virgilio Barco Vargas did not go so far as President Alan García Pérez of Peru, who said that he would not attend the coming drug summit meeting unless U.S. troops evacuated Panama. But President Barco, a hero in the drug war, did find it necessary to duck for cover, joining parties across the spectrum in a ringing defense of Colombia's ostensibly offended sovereignty.

Now on hold, the Pentagon's Latin program no doubt will be revived. It should be. It is no cure-all, but it satisfies a requirement to do what can be done, and if many other things are done both on the demand side and the supply side, it can help make a difference over time.

The incident demonstrates, however, that minute care to the way the drug war is fought is more important than making a big show of going to battle. Drug enforcement touches the inner coils of a society and calls for delicacy and dedication. The Latin countries whose cooperation Washington seeks face a high initial hurdle in public opinion raised by the not unreasonable suspicion that runaway U.S. demand created the drug plague in the first place. They need to know they have a reliable long-term partner sensitive to their political and social needs. This is where the proposition went awry.

— THE WASHINGTON POST.

Panama Needs No Army

An army's primary mission is supposed to be the defense of national territory. In Latin America, that is rarely the reality. President Oscar Arias Sánchez of Costa Rica has proposed that Panama abolish its army, as his country did in 1948. His suggestion makes good sense.

Some Latin armies run governments. Some run huge business empires. Some fight guerrillas. Most spy on private citizens. A few have been known to operate torture chambers and concentration camps. All take precious money out of badly stretched national budgets. But few have any realistic role to play against external foes.

When the Argentine army challenged the British to a fight over the Falkland Islands in 1982, it was badly beaten. When General Noriega's taunts provoked an attack from the United States, his Defense Forces were quickly overwhelmed. The Argentine and the Panamanian militaries had bullied and terrorized their own citizens for years. Yet they proved useless against a serious enemy.

In contrast, Costa Rica has long maintained stable democracy and relative economic stability without an army. Not only that; the absence of an army has created a climate of international good will; when Costa Rica ran into debt problems last year, it was able to win generous relief.

Panama is not Costa Rica. For one thing, treaties give it responsibility for defending the Panama Canal after 1999. For another, demilitarization may seem particularly hard for nationalists to swallow immediately after U.S. intervention. Yet, as Mr. Arias notes, the canal could be adequately defended by a regional or international force.

And nationalists might reflect on the fact that two militarized decades have left Panama's sovereignty compromised in other ways. Manuel Noriega is charged, for instance, with renting out Panamanian territory and institutions to Colombia's Medellín drug cartel.

Too often, Washington's notions of how to expedite development in Latin America have centered on military training and assistance. Frequently, these programs have fostered large, expensive and politically charged armed forces. Consider how hard Washington once worked to build up Panama's now-defeated Defense Forces. In El Salvador, members of a U.S.-trained battalion are prime suspects in the grisly murder of six priests.

President Guillermo Endara's most urgent need is to form a new Panamanian police force loyal to his civilian government, making possible the early withdrawal of U.S. occupation troops. At that point, he and Panama would do well to consider Costa Rica's model on their northern border: no troops at all.

— THE NEW YORK TIMES.

Read the Report Card

The National Assessment of Educational Progress, the federally funded survey of educational achievement launched in 1969, is turning out to be a gold mine of concrete information in a field normally starved for it. The latest "report card" surveys from the survey on student reading and writing ability — two of 11 subject tests given at two-year intervals — were released this week by Education Secretary Lauro Cavazos. Tracing the reading and writing proficiency of 9-, 13- and 17-year-olds over a period of 17 years, they lend valuable context to the secretary's characterization of U.S. education as "gloomy" and "dreadfully inadequate."

Mr. Cavazos used the survey results to stress the Bush administration's oft-reiterated support for parent choice, alternative certification of teachers, local control and school-based management — and, more prominently, to declare that previous reforms have done no good and radical new ones are needed. But the long-term data suggest a more complicated lesson.

Reading and writing results are, as the secretary says, still unacceptably low. But they mask more encouraging news: substantial and continuing, even dramatic, progress by blacks. Black students at all three ages have narrowed the reading gap with whites, even though the black dropout rate is also declining — which would ordinarily mean more marginal students in school and lower average scores. True, the higher white level is itself nothing to celebrate — only 42 percent of 17-year-olds read at a level the NAEP judged "adept" — and the black-white gap in 1988 was still 20 percentage points. But in 1971 it was 53 points. The reduction is a signal achievement.

What is especially arresting about this progress is that its foundations were laid not in the 1980s, when back-to-basics rhetoric and reforms gained wide currency, but in the 1970s. This pattern shows up in two ways. First, 9-year-olds made their biggest gains in basic-level reading skills from 1971 to 1980. Second, the greatest gains in upper-level reading skills were posted by black 17-year-olds, a group that had likewise shown improvement in basic skills at age 9 in 1976. Why? NAEP analysts speculate that the group most able to profit from the increased demands of 1980s reforms — demands that called on students to improve higher-order skills — were those who had mastered the basics in the 1970s. The clear implication is that the 1970s approach of putting large amounts of money into compensatory education programs for disadvantaged students, most of them black, measurably helped their abilities — effects that continued to pay off many years later.

That kind of improvement in basic skills slowed for 9-year-olds in the 1980s, raising the disquieting possibility that, as they grow up, the rate of higher-order improvement may erode too. This does not negate the need for the structural reforms Mr. Cavazos continues to emphasize, such as school-based management. But it offers yet more evidence that such shufflings may not be enough without substantial emphasis on compensatory education programs targeting the poor, and that such programs are far from discredited.

— THE WASHINGTON POST.

Other Comment

A Rescue for Africa

Congressional action to relieve African nations of a portion of the debt they owe the United States is now almost completed, bringing modest but urgently needed relief to 14 nations south of the Sahara. For a country such as Kenya, this means a saving of $6 million a year in debt service alone. It is a useful beginning.

President Bush had proposed the program on the eve of July's economic summit meeting in Paris, following the constructive example of President François Mitterrand of France. Under terms approved by the U.S. Congress, outstanding development assistance loans and their debt service costs, amounting to $861 million, are being forgiven. The development assistance loans comprise less than one-fifth of what the sub-Sahara African nations owe the United States, however. The African debt to Washington totals $4.8 billion. The United States has been working with other creditor nations through the so-called Paris Club to restructure debt payments, but the American response has not yet matched the generosity of the French.

It should.

The poorest African nations combined have an indebtedness greater than the sum of their gross national products and five times their export earnings. Clearly, they need more help if there is to be a rescue from ruinous economic decline.

— The Los Angeles Times.

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OPINION

And Now We Have the Follies of Freedom

By Charles Krauthammer

WASHINGTON — In the euphoria, it is easy to forget that liberation is often the beginning of human folly, not the end. Because folly requires freedom, liberty is an invitation to folly. (The book of Exodus is a useful text on the subject.) In the liberated zones of Eastern Europe, the invitation is being accepted.

Bulgarians have been free for about a month. What is the first great cause they have taken up with their newfound freedoms of assembly, petition and speech? Chanting "Bulgaria for Bulgarians," they demand the repression of the Muslim minority. The country is racked with civil disorder protesting the repeal by the new Communist regime of oppressive anti-Turkish decrees.

At the first whiff of glasnost, Armenians and Azerbaijanis, Georgians and Ossetians, Uzbeks and Meskhetians marked the lifting of the yoke of the Soviet imperium by taking to the streets to beat each other bloody. The newest riots in southern Azerbaijan, however, have progressed beyond mere ethnic quarreling. The local citizenry, Shiite Muslims, are near insurrection, attacking authorities and tearing down border posts. Their demand? Reunification with Iran.

To my recollection, Paul Johnson was the first (August 1988) to warn of the coming Balkanization of Eastern Europe and the rekindling of ancient ethnic strife as the Soviet empire broke up. Everyone is now familiar with the fact (though few anticipated the fury) of intolerant nationalism as the great bane and the potential ruin of the newly liberated Soviet zone.

Another source of potential ruin is now equally obvious: the economic costs of de-communization. A report from Poland spoke of people losing patience with Solidarity's program of radical economic reform. Polish capitalism was then all of six days old.

There is one other bane facing liberated Europe. It is the coming political disillusionment. Democracy in the abstract is a glory second to none. But liberated Europe is about to experience the first half of Churchill's famous quip that democracy is the worst form of government except for all the others.

It is not just that Hungary and the rest are headed for party squabbling and backroom deals, media events and campaign lies. The disillusionment with democracy will involve something far deeper.

First, the realization that real democracy establishes limits to popular will. Under constitutionalism, not everything is permitted even if the people will it. In one of the liberation's more remarkable twists, the Bulgarian government last week rejected calls in the street for a referendum. The demonstrators demanded a referendum on ethnic rights to deny them to the 15 percent Turkish minority. A statement pointing out that fundamental human rights cannot be subject to popular vote was issued jointly by the democratic opposition and — how rich our history — the Communist Party.

The second and more deeply disillusioning truth about democracy is that it is designed at its core to be spiritually empty. As Isaiah Berlin wrote 30 years ago in his great essay "John Stuart Mill and the Ends of Life," the defining proposition of liberal democracy is that it mandates means (elections, parliaments, markets) but not ends.

Democracy leaves the goals of life up to the individual. Where the totalitarian state decrees life's purposes — Deng's Four Modernizations, Castro's Rectification Campaigns, and the generic exhortation about "building socialism" — democracy leaves a naked public square.

What a shock for those whose lives have been so infused with purpose by the struggle against totalitarianism. That is why the original East German oppositionists looked with dismay at the post-Berlin Wall revelers, those content to see the revolution "drowned in West Berlin chocolate." That is why the victory, the miracle, of 1989 will be as disillusioning as it is now exhilarating.

The fruit of victory is bourgeois democracy — the most free, most humane, most decent political system ever invented, and the most banal. Dying for it is far more ennobling than living it. Liberated Europe is just getting to the living part.

Washington Post Writers Group.

Panama: For Many Americans, It Met the Six Tests

By David S. Broder

ARLINGTON, Texas — Deep in the heart of Texas, they love what George Bush has done in Panama. "It was great," said the waiter at the Tex-Mex restaurant near the Rangers ballpark. And the polls suggest his sentiments are a lot closer to the national consensus than those expressed that same day in a full-page ad in The New York Times.

Signed by 69 politicians and activists, including the 1972 Democratic presidential nominee George McGovern and the novelist E. L. Doctorow, the open letter to the president said: "Your invasion of Panama is illegal," a violation of the U.S. Constitution, the United Nations Charter, the Organization of American States Charter and the Panama Canal Treaties. It will they said, undermine U.S. credibility.

To hear some other liberal commentators tell it, Manuel Antonio Noriega now has President Bush where he wants him. They see Mr. Bush quaking in his boots at the thought of the CIA secrets Mr. Noriega might spill in court.

What nonsense. The fact is that Panama represents the best evidence yet that, 15 years after the Vietnam War, Americans really have come together in recognition of the circumstances where military intervention makes sense. The elements of agreement have been in place for some time; Mr. Bush's contribution is to demonstrate that the new national consensus will survive when tested.

The best single definition of that consensus came from former Defense Secretary Caspar Weinberger in a speech not long after the 1984 election. The context was important. The biggest part of the military buildup had been accomplished. But President Reagan's first term had seen serious debate within the administration and between the administration and Congress on the use of arms, sparked by the Lebanon and Grenada missions.

Mr. Weinberger, responding to pressures within the uniformed services, defined criteria for military intervention that he knew would be hard to meet. "When we ask our military forces to risk their very lives," he said, "a note of caution is not only prudent, it is morally required." He laid down six criteria:

- "The United States should not commit forces to combat overseas unless the engagement ... is deemed vital to our national interest."
- If troops are committed, "we should do so wholeheartedly and with the clear intention of winning."
- "If we do decide to commit forces ... we should have clearly defined political and military objectives and we should know precisely how our forces can accomplish" them.
- The objectives and forces must be consonant in scale; getting halfway involved is worse than staying out.
- "There must be some reasonable assurance we will have the support of the American people and their elected representatives in Congress. This support cannot be achieved unless we are candid in making clear the threats we face ... We cannot fight a battle with the Congress at home while asking our troops to win a war overseas."
- Even if all these other tests are met, "the commitment of U.S. forces to combat should be a last resort."

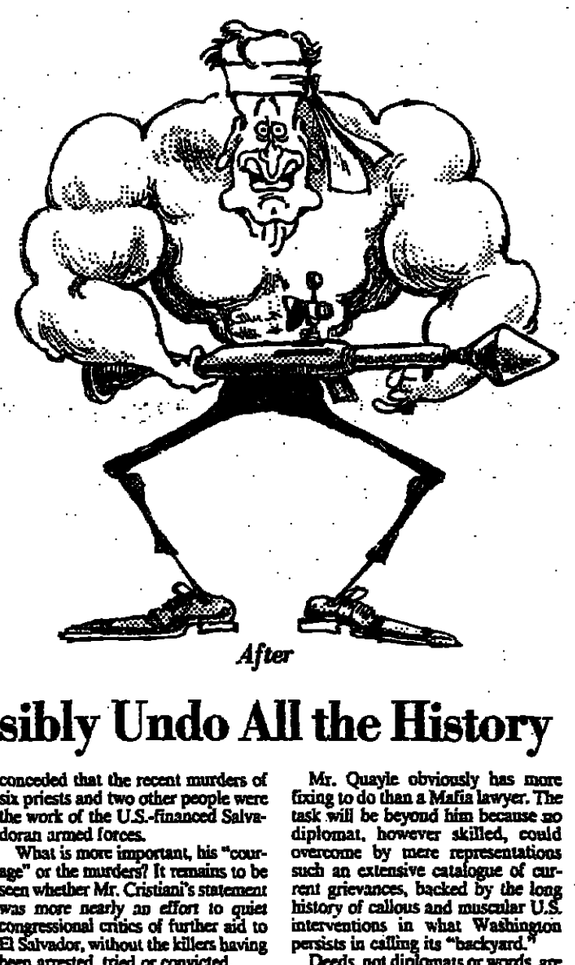
These criteria were well-considered. They were praised at the time and, as the years passed, they achieved an ever-wider acceptance. (During the 1988 presidential campaign, the Democratic nominee, Michael Dukakis, came up with a set of standards strikingly similar to Mr. Weinberger's.)

The Panama invasion met all of those tests; that is why it commanded such strong support across the nation. But the people I have been interviewing are also clear that the circumstances that justified intervention in Panama will not apply many places. They are writing no blank checks.

We Americans have, in fact, achieved a good deal of clarity on this question, which divided us so badly during and after the Vietnam War. That is an important achievement, and one which should not be obscured by a few dissident voices.

The Washington Post.

Before



After

Quayle-the-Fixer Can't Possibly Undo All the History

By Tom Wicker

NEW YORK — President Bush says he will send his vice president to patch up Latin American resentments of recent U.S. strong-arm tactics south of the border. With all due respect to Dan Quayle's perhaps latent diplomatic talents, sending him or anyone on such a mission — in view of the following catalogue of gringo offenses — is like dispatching a rainmaker to deal with Ethiopian drought:

- The invasion of Panama, not because it substantially threatened the United States but because it was led by a drug-involved thug who became a bone in the yanqui throat. Jesse Jackson has pointed out that this "Noriega-mania" cost far more than the entire yearly budget of Mr. Bush's so-called "drug war." But experts say that Manuel Antonio Noriega's downfall will have little effect on hemispheric drug traffic.
- The inability or unwillingness of the Pentagon to account, much less atone, for Panamanian civilian dead. As long as no firm figures are provided, the suspicion of a U.S. cover-up will remain, certainly among Latins.
- The emerging news from Miami that the criminal case against Mr. Noriega is not as strong as once was claimed, and that even his seizure in Panama and transportation to the United States may have been illegal under international law.
- The inexplicable fact that the administration failed to notify the Colombian government before the news was allowed to leak that the United States planned to station planes and warships off the Colombian coast to interdict outgoing drug traffic.
- Premature administration huzzas for the "courage" of President Alfredo Cristiani of El Salvador, who conceded that the recent murders of six priests and two other people were the work of the U.S.-financed Salvadoran armed forces.

What is more important, his "courage" or the murders? It remains to be seen whether Mr. Cristiani's statement was more nearly an effort to quiet congressional critics of further aid to El Salvador, without the killers having been arrested, tried or convicted.

- The surrounding of the Peruvian Embassy in Panama by armed U.S. forces when they learned that a former Noriega follower was there.

Such a cavalier attitude toward Peruvian sovereignty will do little to mend relations with a nation — already outraged by the Panama invasion — that is important to U.S. efforts to reduce cocaine traffic.

- U.S. troops' egregious invasion of the Nicaraguan ambassador's residence in Panama, a contemptuous act.

Mr. Quayle obviously has more fixing to do than a Mafia lawyer. The task will be beyond him because no diplomat, however skilled, could overcome by mere representations such an extensive catalogue of current grievances, backed by the long history of callous and muscular U.S. interventions in what Washington persists in calling its "backyard."

Deeds, not diplomats or words, are needed to show a new U.S. respect — if it exists — for self-determination, sovereignty and international law in the Western Hemisphere.

Why not, for example, phase out U.S. aid to the Salvadoran government and let its people determine their own fate — as the Soviets have allowed East Europeans to do? Why not keep meddling U.S. hands out of the Nicaraguan elections? Why not? But don't hold your breath.

The New York Times.

We Were Mencken's Jewish Neighbors

By Alvin H. Levin

BALTIMORE — The brouhaha over H. L. Mencken's diary stirred powerful emotions in me. Anguish, outrage and sadness were replaced in turn by puzzlement. Curiouser and curiouser, the thoughts in his diary. We were the Jews on Mr. Mencken's block.

I didn't think then that my family's being there annoyed him — he seemed to like us. And we revered him. We didn't suspect the hidden side so arrogantly revealed in his diary. The duplicity hurts.

My grandmother lived two doors from Mr. Mencken for 25 years. It was a constant source of pride to my family that we were so close to a man so famous in the literary world.

In expressing his annoyance at Jews living near him, Mr. Mencken noted in his diary that grandmother's home was cut up into apartments and that tacky and tawdry tenants infested it.

In the mid-1930s, I spent all my after-school hours there. I was about 13. My grandmother and Uncle Norton and I were sitting on the steps one evening when a stocky, middle-aged man came around the corner. I could sense the family stiffen to attention. The man raised his flat straw hat politely, smiled, said, "Good evening" and ambled past as my elders chimed, "Good evening, Mr. Mencken."

"Who's that?" I asked after he had passed. Uncle Norton, who wrote poetry, said it was H. L. Mencken.

"Who's H. L. Mencken?" Even my grandmother, whose English was still a little broken, joined in telling me that he was a great man, "one of the biggest writers in the world." Norton added that George Bernard Shaw thought Mr. Mencken was the only man in America with a brain.

I then understood why another uncle, Walter, came home from work each day through the back alley. Walter was a steam-hammer operator at the B&O Railroad. At the end of the day, he'd be covered with grease. Once, I asked why he never used the front door, which would save him almost a block of walking.

"Neighborhood's too nice," he replied succinctly. "I don't like people to see me all dirty." Later, when I found out about Mr. Mencken, I knew that "neighborhood" and "people" meant one man.

Uncle Norton, cynical, worldwise, sophisticated, worshiped the man. We were driving off in Norton's car one evening when he suddenly said, "Well, H. L. Mencken is working tonight." I followed his gaze and saw that the second-floor front light was on. Norton told me that he had been up there in the study often and that he had once asked Mr. Mencken to read some of his (Norton's) poetry. "He said I should go on writing, that I wrote like Rupert Brooke."

When I last visited my uncle, he showed me numerous books autographed by Mr. Mencken, several of which carried notes of thanks for Norton's friendship.

My Uncle Leo also had a cordial relationship with Mr. Mencken. He bought a house on the block and converted it into neat efficiencies. I asked him if he didn't think Mr. Mencken would mind. "Why no," said Leo. "I was talking to him the other day and he told me I was doing a fine job of keeping the place clean." They were often in each other's yards, examining fruit trees and discussing horticulture.

I try to rationalize the bigotry revealed in Mr. Mencken's diary by denying it was prejudice — sign of the times; prejudices underlay the thinking of some of the most liberal-minded. But I can't. And I wonder if all the accolades H. L. Mencken received in his lifetime should not have included one for acting.

The writer is a retired English teacher. He contributed this comment to The Baltimore Evening Sun.

If the Fever Infected the Workers . . .

By William Safire

WASHINGTON — The most striking development inside the Soviet Union in the past year has been the emergence of a genuine labor movement.

Phony union leaders have long represented the Communist apparat against the workers' interests; but after Soviet coal miners startled the world by striking for better conditions, the AFL-CIO's Lane Kirkland — a steadfast supporter of Solidarity during Poland's repression of the union — invited a dozen of their strike committee leaders to the United States.

A quartet of them came to lunch the other day; I never met a group of more admirable and gutsy Russians. Borakov and Gregenyuk of the Donbass, Vinukov of the Kuzbass, Topalov of Sakhalin — these workers are the sort of intense, industrious idealists who could lead their country out of its permanent depression.

Miners' grievances run deep. Driven by bureaucratic bosses who insist on "the Plan at any price," coal miners have a life expectancy a decade less than that of other Russian men.

Having won recognition by the shock of their peaceful uprising, the strike committees now want help in the machinery of organization: the typewriters, mimeographs, and fax machines that turn local outcries into a nationwide movement.

What if the fever for freedom spreads to railway workers? What would happen if millions of Russian workers organized to deal with management — the state — and threatened to bring the country to a halt unless the wasteful command economy were abandoned?

My own expectation has been: crackdown. In the name of public order, a new strongman would break the strike with bullets.

That reaction is still the likelihood: Soviet diplomats purvey the line comparing Mikhail Gorbachev to Abraham Lincoln in 1861, unafraid of civil war to save the union.

But in the light of the revulsion within the Soviet military at the massacre of civilians, a different scenario must be considered.

Intelligence sources say that Red Army marshals have made plain to the Politburo that most soldiers would be unwilling, in any future crisis, to make war on the people.

The rank and file has seen on television how order-followers who shoot into crowds, as they did in Tbilisi, become pariahs; but soldiers who refuse such orders, as in Bucharest, become heroes.

What does it take to turn armies against higher authority? Answer: the demonstrated willingness of patriots to die. What most motivates a clique in power to refrain from bloodletting? The probability of the failure of such a crackdown — followed by fierce retribution.

Even if Soviet leaders assign troops of different nationalities to control strikers and demonstrators — as Beijing's leaders did — repression could no longer effectively mine the coal and run the railroads.

Recent experience changes current expectation, which in turn shapes a new political reality. Because growing Red Army queasiness puts into question the success of a crackdown, reactionaries are weakened and radicals strengthened.

That may explain why Mr. Gorbachev has traveled to the Baltic as a reasonable Isaiah rather than a thundering Jeremiah, linking his "personal fate" to a compromise.

Moscow's past warnings to secessionists have not intimidated the crowds in Lithuania. Mr. Gorbachev may be trying to work out de facto Baltic independence within a de jure Soviet federation.

His original plan to revitalize the Communist Party failed. His second plan — to use glasnost to bring about perestroika while preserving central power — has also failed. What now?

Plan C may be to evolve the Soviet Union into a Soviet confederation — neither as loose as a commonwealth nor as tight as a nation. Nuclear-armed Russia would be first among equals, using associated Soviet states as a bridge to the world economy.

Am I really writing this? Is such a scenario — in which real labor unions would flourish — remotely possible?

Backlash, reaction, crackdown and state-ordered violence remain the most probable outcome of a statist ideology in its death throes.

But longshots cannot be ignored; exposure to pioneering labor leaders with inquiring minds, hopeful hearts and calloused hands can drive a wedge of optimism into the most determined realist.

The New York Times.

Correction

The article Friday by John J. Maresca misidentified him. He is chairman of the U.S. delegation to the negotiations in Vienna on Confidence- and Security-Building Measures. He was previously deputy chief of the U.S. delegation to the Conference on Security and Cooperation in Europe.

100, 75 AND 50 YEARS AGO

1890: Zola's Motivations

PARIS — With the approach of the election for the Académie Française left vacant by the death of Emile Augier, the interest in the dozen or more candidates increases. Most prominent among these stands M. Emile Zola. "I still am firmly convinced that I have no chances of election," said he. "You remember, doubtless, the uproar caused a few weeks since by a sensational poster announcing the forthcoming appearance of my new novel, 'La Bête Humaine.' My friend M. Halévy, a member of the Académie Française, met me on the street. 'This time,' said he, 'it's all up with you; your election is now impossible. That poster that you have been plastering all over the city is horribly indecent.' 'What poster?' said I, astonished. 'There is one now,' he exclaimed, indicating a wall where a man and a woman were represented in an indelicate position. The poster had been chosen by my enterprising publisher as a bait for the public — unknown to me. This is an illustration of the injustice I often receive. If passages of my books seem improper, it is done with a high, artistic purpose, not from base motives."

1915: Swiss Neutrality

GENEVA — Swiss newspapers are strongly protesting a Federal military order to remove all photographs and pictorial post-cards showing Rheims cathedral before and after its bombardment from shop windows. A new Swiss cigar trademark that represented a German soldier standing next to a 420 mm. gun has also been banned.

1940: Protecting the Met

NEW YORK — The Metropolitan Opera and Real Estate Company's directors voted today [Jan. 13] to authorize the sale of the Opera House to the Metropolitan Opera Association for $1,970,000. Transfer of the title is expected to ensure a permanent home for the company, which feared that it might be purchased by outside buyers.

Detail of Paschk

Chris

International Herald

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9 Art-school subj.
13 — Claire, stage star of the 30's
16 "Kenilworth" heroine
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26 Anything that is braided
30 Young oyster
31 Folkways
32 Like some fires
34 Plus factor
36 More tender
37 Owns
38 Roof ornament
39 Dam for diverting water
40 Needle holders
41 Schubert instrumental work, with "The"
47 Id relative
48 Berlin public square
49 Lamentable
50 Hindu god of love
51 Mussorgsky vocal composition
54 Silkworm
55 Kind of jury
56 Fathers of dauphins
57 Bavarian river
58 Medics, at times
60 Annapolis's river
62 Tennis stroke
64 Cousin of c smash
67 Excessively
68 Inventor of a sign language
69 Arrowed traffic sign
72 Word history
77 Saint-Saens zoological fantasy
82 "Two heads — than one": Heywood
83 Contralto Anderson
84 Author of "A Death in the Family"
85 Curmudgeon's word
86 Summer in Phila.

Detail of Paschke's "Duro-Verde" (1978): Touching on questions on identity.

Ed Paschke's Acid Mastery of Color

By Michael Gibson
International Herald Tribune

PARIS — At 50, the tall, soft-spoken Chicago artist Ed Paschke is not exactly the sort of figure his paintings might lead one to expect. Most of his works may first be perceived as aggressive, even weird.

They represent uncomfortably manipulated figures of some of the more startling marginal groups of America that the artist had occasion to explore in his early 20s, along with others that fascinated him only in pictures — super-kitschy wrestlers, "freaks," cabaret transvestites and punks.

Indeed, Paschke's paintings anticipated the garish hair styles and clothing favored by the punks, 10 years before any of them had appeared. His interest in so-called freaks (Siamese twins, or a man with the legs of his incomplete twin protruding from his abdomen) was characteristic of his work more than 20 years ago.

One painting, showing three shoes with a delicate system of roots growing out of their soles, is an in-joke addressed to the Chicago scene. Entitled "Hairy Shoes," it refers to the "Hairy Who" — a group of Chicago artists whose successful exhibition led Paschke and his friends to create a rival group, the "Nonplussed Some," in 1968.

His later production is perhaps equally provocative, but in a different mode — faces, for instance, treated in acid colors, appear to be wavering on a TV screen sizzling on the verge of breakdown. Eerily luminous, green, masklike faces are laced with bright orange horizontal lines, the eye and mouth holes no more than a somber void. These are figures trembling on the verge of nonexistence, and gaudily asserting their dubious reality under a mask of color.

The colors of these large canvases are strikingly luminous — so much so that some people even ask Paschke whether he uses fluorescent paint. He doesn't, but the question is an unconscious praise of his technical mastery of color. The works are also extremely troubling in a theatrical way, and their presence in a museum like the Pompidou Center is in fact quite appropriate for this very reason.

But what is one to make of them? They obviously touch, with both pathos and acid derision, upon questions of identity, and even of sexual identity.

Effective art must, in some way, be

Paschke's work has a persuasive dreamlike quality — that the dream is sometimes close to a nightmare should not be seen as an invitation to despair.

dreamlike and border in a dreamlike emblematic way upon the collective dream of society. It is the materialization of this dream in art that allows the attentive person to grasp hidden aspects, whether positive or problematical, of unspoken cultural patterns that cannot be perceived or approached in any other way.

Christian Gros, a French anthropologist working with Indian tribes in the Amazon, put forward the simple proposition that "one man plus one woman make a culture." A culture, in this sense, is not a sum of artifacts, but the iceberg of which the artifacts are no more than the tip. And deep inside this iceberg lies the center of gravity of each individual's social and sexual identity.

Unlike the remoter tribes of the Amazon, the industrial world, because of the roller-coaster mutations it has gone through in the last 100 years or so, no longer has any set pattern of behavior that comforts men and women in their identity — sexual or otherwise. What is less obvious is that no society can entirely dispense with some guiding structure of this kind. It cannot do so, because the codes and patterns a culture provides are a form of communication that allows people to interact, both as men and women, and as participants in the community. Nor need the patterns be coercive, as they often are in closed societies. It is sufficient that they exist.

The interest of Paschke's work is not that he gives a visual form to something that could equally well be phrased in theoretical terms. Its interest resides in its persuasive dreamlike quality, thus placing it on the proper level of art. That the dream is sometimes close to a nightmare should be regarded as a stimulant to inquiry — not as an invitation to despair.

□

Edward Ruscha, whose work is on view in the neighboring rooms has a feyer form of wit in low key and his art still reflects his onetime profession as a sign-painter. Ruscha frequently paints words and often does so in a poetically evocative manner. As Dan Cameron points out in the catalogue, Ruscha is a West Coast answer to East Coast Pop Art, and his work holds a latent reference to the use of lettering in the movies.

Some of the most poetic items on view in the Pompidou Center include the long, narrow 1982 painting, "Eternal Amnesia" (50 by 400 centimeters, about 20 by 160 inches), which depicts a perfect, golden kitsch sunset over a totally flat plain, at the center of which the words of the title are inscribed very small.

In a similar vein, "Industrial Village and Its Hill" (same year, same size), shows a black, hazy landscape against a dead white sky (almost a perfect minimal abstract painting), one side of which bears the neat and minute caption: "Industrial village" while, above a point where the black of the hill covers most of the canvas, one reads "The hill above industrial village."

This exhibition has its own peculiar theatricality, which is very different from that of Paschke, being more on the witty side, but which is heightened by the confrontation of about 50 works that can be received as a single larger act of creative fantasy.

Taken singly, the paintings are probably not as effective as they are collectively because the work as a whole tends to be self-referential. Ruscha plays games with the expectations of those who are familiar with his earlier works, so that the point of certain paintings is in the absence of any inscription, a blank white rectangle being neatly reserved in its stead. In this, his work is not so far removed from the concept of the cartoon strip which also builds up a public's expectations and then nudges them in a playful way.

Edward Paschke and Ed Ruscha, Pompidou Center, to Feb. 11. More recent works by Paschke are on view at the Darthea Speyer Gallery, 6 Rue Jacques-Callot, Paris 6, to Feb. 10.

Christie's Shines With Mahdi al-Tajir Silver

SOUREN MELIKIAN
International Herald Tribune

LONDON — Christie's has scored as never before in the most unlikely field for an auction house — museum work. For three weeks, the silver collection formed in the last 12 years or so by Mahdi al-Tajir, now ambassador of the United Arab Emirates in Britain, is on view in its main galleries on the first floor.

It should be seen before it is taken down on Jan. 22. As Philippa Glanville, the current curator of the metal work department at the Victoria and Albert Museum, writes in the preface to the catalogue that "few international museums can boast comparable riches in English silver." Not only that. Hardly any of the pieces have ever been seen in public exhibitions, excepting the short viewing time before the auctions in which the most of the pieces were acquired on the advice of a London dealer, Jack Koopman — who on this occasion establishes himself as the best eye in the field.

A few are of extraordinary beauty. Among the 28 pieces of silver from the Continent, which serve as an introduction to more than 200 works by English goldsmiths, the first one, a Spanish ewer shaped like a beaker is one of the 10 most accomplished works of late medieval silver in Europe. A German wine cistern made in Augsburg in 1710 by Philipp Jakob Drentwen V, is among the greatest Baroque pieces to be seen anywhere.

Just as remarkable as the art itself is the exhibition style, utterly different from what museums have been providing. Constrained by the lack of space the designer, George Carter, took his inspiration from the traditional displays in aristocratic houses of the 17th and 18th centuries.

Looking at the superb toilet service made in London in 1683, which includes low rectangular caskets with low relief plaques in the cover that rival the best of European sculpture in the last stage of Baroque art, one may miss some of the detail. In the case of the small cylindrical boxes, this could only be taken in by holding them in hand and tilting them at various angles. No public show ever permits that anyway. What the visitor does get is something at least as important — an overall grasp of the aesthetic feel of each style and a sense of relative scale, which only group arrangement will give, as here.

Moving from one large case to the next, he gets a sense of evolution at a glance. The contrast between the Charles II toilet service vitrine and the equally admirable Queen Anne toilet service made in London by Benjamin Pyne in 1708, a quarter of a century later, says as much as a whole essay on art history. By 1683, England was still under the spell of Baroque art in its Italian form or its northern European reinterpretation, hence its taste for sculptural decoration. By 1708 the massive arrival of Huguenot refugees fleeing from France had introduced Louis XIV aesthetics, as the display case filled with Pyne's toilet service shows at a stroke. Here we have the Anglicized version of Huguenot silver — lighter in touch, with an almost linear quality, superbly demonstrated by the ewer and the mirror.

For a while, English silver hesitated between the northern European heritage and the French attraction. A Queen Anne teapot by Gabriel Sheath made in 1713 betrays the Flemish impact with its sinuous spout ending in a stylized animal head.

But with Paul De Lamerie, Britain tilted toward France. This is remarkable, given that Paul's parents came to England from Holland and that the young boy was 11 when he arrived in London. So large was the French community of Protestant refugees, however, and so well-established their practice as goldsmiths that the apprentice naturally acquired a thoroughly French artistic vocabulary.

He must have trained his eyes on objects such as the purely Louis XIV-taste toilet service made by Pierre Platel in 1700, under William III, or three casters of baluster shape by Philip Rollos, likewise made in London in a style worthy of the Versailles court. But unlike Platel or Rollos, De Lamerie soon developed a highly distinctive style. A two-handled cup made in 1718 reveals a tendency toward simplification. The lines are more fluid that those of his continental models.

Within 20 years, yet another wave of French influence hit Britain. Rococo design briefly became the rage. The goldsmith George Wickes was one of the converts. His large silver gilt ewer seems to be vibrating with chiseled foliage and garlands. The matching basin has an undulating rim heavily laden with escutcheons, garlands and shells, in the midst of which tiny medallions chiseled with the profiles of Roman Caesars are barely to be made out. De Lameries's reaction to the new fashion was different. A cup and cover struck with his mark in 1736, the year after Wickes's ewer and basin, is as restrained as ever but with a new lightheartedness — a twirling movement runs through the stylized foliage discreetly chiseled on the sides.

Throughout the 18th century the English touch retained that marked lightness compared with French silver. It even survived under the bombast of the Neoclassical movement of the early 19th century. The shield of Achilles, a display piece designed and modeled by the sculptor John Flaxman, was executed in silver gilt by Philip Rundell in a manner that could be called the British Arc de Triomphe style. It was so much admired that in addition to the piece made for George IV, Rundell made three more. The Mahdi al-Tajir specimen dated 1822, gaudy as it may be under its heavy gilding, is remarkable for the fineness of the low relief figures.

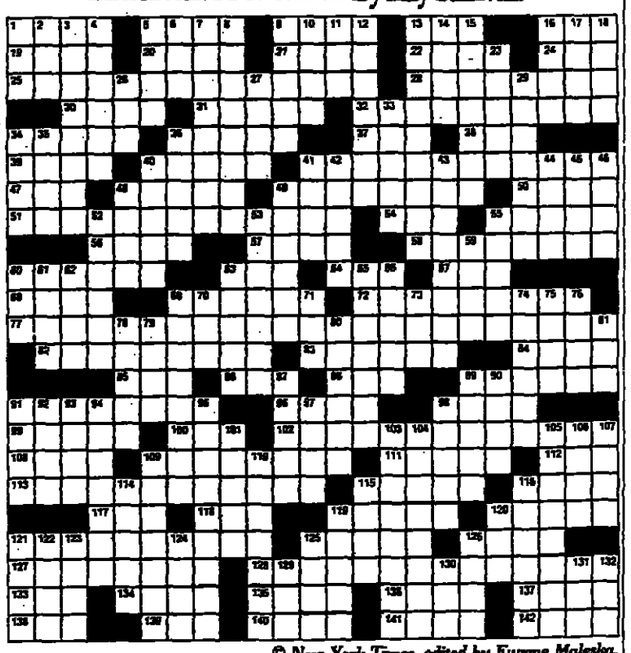
This was the end of a great tradition. In the same year, Edward Farrell created sideboard dishes that crumble under the abundance of disparate ornament. The end of the show with its outsized Victorian trophies, fussy and bordering on the ridiculous — three-dimensional figural kitsch in glitzy material, giving the impression of great craftsmen gone mad and piling it on without any sense of purpose or proportion.

Yet, throughout, the interest is sustained by the feeling of watching a drama playing itself out. The terse, compact format leaves no room for the boredom that would inevitably set in with such a conclusion in a larger-size show. The catalogue is just about the best general introduction to the art of European silver I have come across. Highly informative, it stays away from the pedantry of technical minutiae and occasionally entertains the reader with glimpses into English life and touches of wry humor. The writer is Charles Truman who spent years in the Metal Work Department at the Victoria and Albert Museum before leaving to become director of the Silver Department at Christie's. There he had ample time to familiarize himself with the most extensive and, in some areas, the finest collection of European silver in the world.

That this exhibition — which cost less than £200,000 ($330,000) — should be held in an auction house rather than in the V&A says all about the current demise of that once great institution.

A 15th-century Spanish ewer in the show of the al-Tajir silver collection.

Musical Creatures By Kay Sullivan



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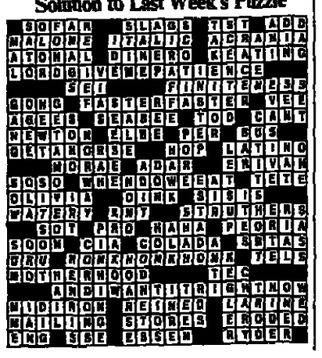
ACROSS

1 Over again
5 Mil. weapon
9 Art-school subj.
13 — Claire, stage star of the 30's
16 "Kenilworth" heroine
18 City on Seward Peninsula
20 — gras
21 Tie down
22 British mothers
24 Ke —, Hawaiian cape
25 Rossini opera, with "The"
28 Anything that is braided
30 Young oyster
31 Folkways
32 Like some fires
34 Plus factor
36 More tender
37 Owns
38 Roof ornament
39 Dam for diverting water
40 Needle holders
41 Schubert instrumental work, with "The"
47 Id relative
48 Berlin public square
49 Lamentable
50 Hindu god of love
51 Mussorgsky vocal composition
54 Silkworm
55 Kind of jury
56 Fathers of dauphins
57 Bavarian river
58 Medics, at times
60 Annapolis's river
63 Tennis stroke
64 Cousin of a smash
67 Excessively
68 Inventor of a sign language
69 Arrowed traffic sign
72 Word history
77 Saint-Saëns zoological fantasy
82 "Two heads — than one": Heywood
83 Contralto Anderson
84 Author of "A Death in the Family"
85 Curmudgeon's word
86 Summer in Phila.
88 Black Hawk was one
89 Visionary plan
91 Fast-talking comedian
96 Piedmontese city
98 Portico
99 Pale shades of beige
100 Kind of coal or pump
102 Sibelius tone poem, with "The"
108 Brit. money
109 Philosopher who started as a sculptor
111 Certain ides
112 Hippie's English counterpart
113 Rimsky-Korsakov's "Flight of —"
115 Aquarium fish
116 Puccini heroine
117 Luzon peak
118 Palindromic sheep
119 Patron saint of France
120 Genesis verb
121 Nonconformist
125 Lovely lasses
126 Diamond shape
127 Erstwhile campus cutup
128 Stravinsky opera
133 Vital statistic
134 — de veau
135 Infinite time
136 Epitaph starter
137 School Wellington attended
138 Legal matter
139 Punty
140 Author S. S. Van —
141 Autocrat
142 Sunder

DOWN

1 Kelep
2 Classic Japanese drama
3 A putting into circulation
4 Loser, proverbially
5 "— Die," Gide work
6 Emulate Peter Funk
7 Kind of bass
8 Learn by heart
9 Phil the Fiddler's creator
10 Piles
11 "Unaccustomed — am . . ."
12 "For want of a nail — was lost"
13 Wolves in sheeps' clothing
14 Invalid
15 Mozart's middle name
16 Others, to Ovid
17 Director Delbert or Daniel
18 Peterman
23 Famed basso
26 Dye vessel
27 Brother of Eris
29 Trifle
33 Color of a whole decade
34 Intimidates
35 Lily of the West
36 Some photocopies, for short
40 Puckish
41 Weight allowance
42 Lasso
43 John Ford 1952 film, with "The"
44 Family name in "A Rage to Live"
45 Asian ruler
46 Makes edging
48 Indigent
49 Worldwide
52 Home of ouzo
53 Stubbornly willful
55 Town on Philadelphia's Main Line
59 River in a Burns poem
60 Coterie
61 Biblical Hebrew measure
62 Change direction
63 Embankment
65 Arrive at Grand Central
66 Moral standard
69 Kind of training
70 Basketball tourn.
71 — Kippur
73 "—, though I walk through the valley . . ."
74 Gerald Ford, by birth
75 Kind of plum, for short
76 Theoretic primordial source of all elements
78 Liszt and Prévost, e.g.
79 Foster
80 "Bake me a cake . . . — you can"
81 Bishopric
87 Predilection
89 Buddhist shrine
90 Doves' sounds
91 Buttinsky
92 Pituitary hormone: Abbr.
93 Place for a hat or a shoe
94 Type of engine
95 Cut back underbrush again
97 — Pea, small comic character
98 White dwarfs
101 What a Scot wears under a kilt
103 "It Happened —," early Colbert film
104 Fixations
105 Leave one's native land
106 Relative of a mesa
107 Mine entrance
109 Buck
110 Incited a criminal
114 Sub
115 Actress Garr
116 Scant
119 Dumb
120 Actor Gazzara
121 Munich's river
122 Hauling chg.
123 Cuprite and tinstone
124 A daughter of Phoebe
125 Eponym of an Eastern state
126 Kind of table
129 Polloi leader
130 Refrain syllable
131 Nol of Cambodia
132 Result

Solution to Last Week's Puzzle



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Thursday, January 18

Room 9 at 9 p.m. MODERN & CONTEMPORARY PAINTINGS AND SCULPTURES by Arman, Bazaine, Cazon, Collor, Debré, Folon, Guillomar, Lapoujade, Lorjou, Messagier, Gen Paul, Pissarro, Sorkine, Toffoli, Velickovic, Volti, etc... works by Jean Marais, Michèle Morgan, Amanda Lear, Mick Micheyl. Proceeds of the sale go to the 100 Families Association - Jean-Luc LAHAYE Me CORNETTE de ST CYR, 24, av. George V, 75008 Paris. Tel.: (1) 47.23.47.40

Wednesday, January 24

Room 4 at 2:30 p.m. "THE CAT & FELINE ART AT THE AUCTION". Mes CHOCHON, CHOCHON-BARRE, ALLARDI 15, rue de la Grange Batelière, 75009 Paris. Tel.: (1) 47.70.38.37.

Wednesday, January 24

Room 5 at 11:00 a.m. PRINTS - at 2 p.m. MODERN PAINTINGS. Me LOUDMER, 18, rue de Provence, 75009 Paris. Tel.: (1) 45.23.15.25. Fax: (1) 47.70.10.76.

Monday, January 29

Rooms 1 & 7 at 8:30 p.m. (ASSISES). 20th C. ARCHITECT'S & CREATOR'S FURNITURE - Arman, M. Breuer, T. Dixon, A. Dubreuil, P. Hiquily, S. Kuramata, Le Corbusier, C. Mollino, C. Perriand, G. Ponti, G. Rietveld, R. Sottsass... Exhibitions: Jan. 27, 11 a.m. to 6 p.m.; Jan. 29 from 11 a.m. to 6 p.m. Me Catherine CHARBONNEAUX, 154, rue du Fbg. St-Honoré, 75008 Paris. Tel.: (1) 43.59.66.56. Fax: (1) 42.56.52.57.

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Rooms 5 & 6 at 2 p.m. EXCEPTIONAL SET OF WOODWORK & PARQUET from a private townhouse. FINE 18TH & 19TH CENTURY FURNITURE. Mes LABAT-THIERRY, 10, rue de la Grange Batelière, 75009 Paris. Tel.: (1) 48.24.70.18. Fax: (1) 42.46.74.38.

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NYSE

Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

NYSE Highs-Lows

NEW HIGHS 21

AJA, ConBk pfA, HoltyFd, NewmanGold, Wackenhut, AmBarrick s, LACalmer s, NamstarMed, Rorer, Buffalkit, GdrichBFA, Hanshaw, Northgate s, RoyBkScot pr, CaliforniaAm, Homestake, Placer Dome s, Varity wt

NEW LOWS 30

AbtfBldPr s, ArbleExp s, BallInd, CanstarPfd, CmbEng, EatonCp, FirstIsr pf, Grummon pf, INCO Ltd, MAI Basic, MidwAir, OrangeCo, RaymilKay, Unit Issa, WatkinJn, AlaskaAir, Arvin, BaldwinP, Chrysler, CyanSeed, EaglePict, Fruehauf, GtRes ptB, Jamesway, MCNAUA Com, MidwAir pf, Philsbrd, SPX Corp, VanKmpUnd n, WHTPfPap, Alexanders, BethWks, CoreFEIT, ColonialInc, DonaGenl, FstMtgSy, GAGyrom, Hewlitpv, Kollmer, Marcade, MillerBdn n, QuadraCo, SalemCo, Vestron, WellmanCo, AmesDept, BarnesGp, CmwlthEd, FlPwr&Lt, MACOM, Medaphis, NovaCare, Questech, Safeskin, Wabtec s

AMEX Highs-Lows

NEW HIGHS 7

AcmeUtd pf, AlbertsnI, CarsonA, Pressmkld, EzteBay, Primark n, FEAsiaInv

NEW LOWS 30

AcmeElec, Astrex, BkrsCo, CmwlthEn, CmwlthPr, ConsulGp, DynaSys s, EMSR, Diagnos, FayetteBk, FstFinPA, FstMidBk, PrimeDisp, RiteAid, Univision, WestCoBc, CmwlthIl, CmwlthPA, ConsulPr, DataSwch, FayetteBc, FstMtgCp, FstPriBk, PrimeCmp, TRC Cos, WellsFarg

(Continued on page 12)

CURRENCIES

Cross Rates

	$	£
Amsterdam	1.897	3.15
Brussels(a)	35.2825	58.7
Frankfurt	1.6805	2.7
London (b)	1.6715	
Milan	1,254.50	2,086
New York(c)	—	1.66
Paris	5.723	9.5
Tokyo	145.45	241.7
Zurich	1.497	2.48
ECU	1.289	0.77
SDR	1.321	0.79

Rates in London and Zu
a-Commercial franc; b: T
noted: N.A.; not available

Other Dollar Va

Currency	Per $	Cu
Argen. austral	1100.0	Fi
Austral. $	1.261	Gr
Austr. sch.	11.82	He
Brazil cruz.	13.228	Ire
Canadian $	1.1558	Isr
Chinese yuan	4.72	Ita
Danish krone	6.515	Ja
Egypt. pound	2.5832	Ko
		Ma

New York rates unless mar

Forward Rates

Currency	30-day
Pound Sterling	1.6548
Japanese yen	145.30
Deutsche mark	1.6799

Sources: Indosuez Bank (B
de Paris (Paris); Bank of
Reuters and AP.

INTERES

Eurocurrency D

	Dollar	D-Ma
1 month	8⅛-8¼	7¾-
2 months	8⅛-8¼	8
3 months	8⅛-8¼	8
4 months	8⅛-8¼	8
1 year	8⅛-8⅜	8
	8 ¼-8 ⅜	8¼-

Sources: All Reuters quot
Rates applicable to interba

Key Money Rat

United States
Discount rate
Prime rate
Federal funds
Treasury bills
3-month Treasury bills
6-month Treasury bills
1-year Treasury bond
2-month CD's
3-month CD's

Japan
Discount rate
Call money
1-month interbank
3-month interbank

West Germany
Discount rate
Lombard rate
Call money
1-month interbank
3-month interbank

Britain
Bank base rate
Call money
1-month interbank
3-month interbank

France
Intervention rate
Call money
1-month interbank
3-month interbank

Sources: Reuters, Salomon
Fra Commerzbank, Crédit

WALL STREET WATCH

Campeau Spending Binge And a Roster of Losers

By Floyd Norris
New York Times Service

NEW YORK — Some of the biggest losses from Robert Campeau's spending binge on department stores have been borne by individual investors who bought shares in junk-bond mutual funds that invested heavily in debt issued to finance Campeau Corp.'s purchases. Most bonds owned by those funds are concentrated at the lower end of the securities scale, meaning they are likely to get relatively less in the way of payments should Campeau be reorganized.

Insurance companies are also big holders of the bonds, whose market prices have plunged to as little as 10 percent of what the investors paid for the securities when they were issued.

Another big loser is First Boston Corp., the principal financial adviser to Campeau in its purchases. First Boston is owed $250 million from a bridge loan for the purchase of Federated Department Stores, the last of the big purchases, and also holds other bonds issued by Federated and by Allied Stores, Campeau's other major unit.

> **Some of the biggest losers are individual investors in junk-bond mutual funds.**

First Boston will not say how much it owns in the way of bonds other than to say it is far less than $250 million.

The other firms that have big exposure from that bridge loan are PaineWebber Inc., with about $100 million, and Dillon, Read & Co., with about $50 million. Those loans have relatively high security and stand to be treated better than the junk bonds in a reorganization.

Campeau has three principal operating subsidiaries: Federated, Allied, and Ralph's Grocery Co., which owns 140 supermarkets in Southern California.

In a reorganization, in or out of bankruptcy courts, the crucial factors are likely to be just which Campeau entity issued a security, where it stands in terms of seniority, and what assets it has behind it.

By those standards, the banks are likely to fare the best of any general creditors. Much of their debt is senior to all other debt, and some is very well secured.

PUBLICLY HELD senior securities generally fall into the middle of the range, and publicly held junior securities conceivably could be all but worthless. In general, the markets think Allied bonds are the worst of the bunch, with Federated only a little better.

But owners of Ralph's bonds seem to have little to fear. Alone among the subsidiaries, it is generating enough profits to pay its bills, and its bonds trade for about 98 percent of face value.

The worst of the publicly held securities had something of a rally this week. Allied Stores preferred shares sold in 1987 for $25 each. The shares pay an annual dividend of 13.25 percent, but the payment consists of more preferred shares rather than cash.

On Thursday, one market maker was quoting a price of 20 cents bid for each $25 share, up from 15 cents the day before.

Analysts say that in a reorganization, holders of the shares could end up with nothing.

Olympia & York Development Ltd., the Canadian real estate company that injected $250 million into Campeau last fall, has good security on that loan, in the form of second mortgages on Canadian real estate. But some of the other $450 million it has lent to Campeau, the parent company, is less well secured.

Some Wall Street analysts think Olympia & York could be vulnerable to losses. Hopes that Olympia & York would emerge as a rescuer, with a big equity infusion, seem to have faded.

In September, the real estate company said it was considering such a proposal if bondholders were willing to take then-current market prices for their securities in a restructuring. Little has

See ROSTER, Page 12

Allied and Federated Chains to Be Run in United States

By Isadore Barmash
New York Times Service

NEW YORK — Pressing for a way to restore its credibility with creditors and suppliers, the directors of Campeau Corp. are taking steps to make the company's U.S. retailing operations independent.

After four days of meetings at the company's headquarters in Toronto, the directors said Thursday that Campeau's American operations would be overseen by a new board, with a majority of U.S. residents.

That board will appoint a new chief executive and chairman, the company said, and Robert Campeau, the Canadian real-estate entrepreneur and chairman of Campeau Corp., will no longer have a voice in the retailing operations.

How the changes will affect the prospects of avoiding a bankruptcy filing by Federated Department Stores and Allied Stores, Campeau's retailing subsidiaries, was not clear.

But Campeau's board evidently hoped that the promise of new leadership would persuade creditors to give the company more time to solve the problems caused by its more than $7 billion in debt.

According to people who were kept apprised of the board's discussions, Campeau's directors had offered the chairmanship of the U.S. operations to Allen I. Questrom, president and chief executive of Neiman-Marcus Stores.

But Peter Farwell, a vice president at Neiman-Marcus Group, which owns the Neiman-Marcus Stores, said, "Allen is very much at home at Neiman-Marcus and will stay here. He's very happy here."

Campeau's board will seek a chief executive who is highly regarded by suppliers of merchandise to Campeau's 240 stores, which include Bloomingdale's, Jordan Marsh and Abraham & Straus.

The debts of the American retailing operations have brought Federated and Allied to the brink of bankruptcy. On Monday, they face a deadline for assuring a syndicate of banks that lent them $2.34 billion that they are solvent. If the subsidiaries do not issue that assurance, they could be declared in default and forced to seek bankruptcy protection.

Financial executives in New York and Toronto said they expected Citibank and the other banks to postpone the deadline by at least several days.

Campeau's creditors have apparently joined with the company's 12 directors in trying to find a way to avoid a bankruptcy.

On Wednesday, Allied and Federated met a deadline for paying for December merchandise, issuing checks for bills of more than $100 million to their suppliers. Despite those payments, some suppliers said they expect Campeau to file for bankruptcy protection within the next few days.

Before announcing the changes in the company's structure, said the people familiar with board discussions said, Campeau's directors spent some time trying to arrange a trade: they would give a 75 percent stake in the company's 240 department stores to bondholders, in return for a large portion of its outstanding bonds.

By buying back those high-yield, high-risk junk bonds, Campeau would sharply reduce its interest payments and take a step toward restoring its credibility.

But the top five holders of various categories of bonds have not agreed on whether to accept the offer, these people said.

Discord Threatens IMF Meeting

Compiled by Our Staff From Dispatches

WASHINGTON — Disagreement between the United States and its major industrial partners is likely to force the postponement of a special ministerial meeting intended to increase the resources of the International Monetary Fund, monetary officials said Friday.

The meeting of the fund's policy-making Interim Committee, originally penciled in for later this month, is now unlikely to be held before February, the officials said.

While the Fund has asked for a doubling of its $120 billion resources to meet the challenges of the 1990s, a consensus has developed among most industrial countries that the increase should be between half and two-thirds.

Washington has shown willingness to increase its position from 35 percent to 45 percent, but not yet to 50 percent.

Other industrial nations have been holding out for a rise in quotas nearer to 66 percent. The talks, which are going on at the executive board level, are being further complicated by Japan's claim to become the second biggest member of the fund.

Monetary sources said the board met Friday to discuss the increase and would continue the talks on Monday.

A meeting of finance ministers represented on the Interim Committee had been tentatively set for Jan. 25 and 26. But if the executive board fails to make swifter progress, the meeting will not go ahead, officials said.

It would have been normal for

See IMF, Page 12

U.S. Assets: Fast Flow Away

Reuters

NEW YORK — Foreign direct investment in the United States is believed to have surged by about $66 billion last year, surpassing the previous record rise of $58 billion in 1988, according to the Association of International Investment.

The lower value of the dollar against many major currencies has made U.S. assets cheaper for foreign investors, who are expected to further antagonize American nationalists by buying even more assets this year.

"There is every reason to believe that foreign investment will continue to grow at a rapid pace in 1990," the association's corporate secretary, Brad Larschan, said Thursday.

The Washington-based trade body said foreign investment in the first three quarters of 1989 rose by $43.9 billion, 24 percent faster than a year earlier, bringing total foreign investment to $372.7 billion at the end of the third quarter.

The higher foreign profile has bothered many Americans, who have seen foreigners eager to grab a foothold in one of the world's most stable markets by investing in prized assets such as New York's Rockefeller Center.

But although Japan is widely perceived as the main outside threat to U.S. business, Europeans continue to invest more in the United States than other foreigners.

Britain led the surge, with $19.7 billion invested in the first three quarters, bringing total investments in the United States to $121.6 billion. Japan followed with a $5.4 billion increase, to $58.76 billion.

This was a slowdown in Japanese investment from 1988 but the trade body, made up of U.S. subsidiaries of foreign companies and U.S. multinationals, said lagging data may be a factor.

Dutch, Canadian and West German investors followed British and Japanese as the main investors in U.S. assets.

At the same time, U.S. foreign debt widened by $52.6 billion in the nine-month period, to $581 billion, far above the $108 billion debt of Brazil, the world's second-largest debtor.

"These figures represent the continuing effects of the U.S. budget and trade deficits," said the association's chairman, Elliot L. Richardson, a former U.S. commerce secretary.

Air France to Get Control of UTA And Air Inter

By Steven Greenhouse
New York Times Service

PARIS — Air France announced Friday that it would acquire control of France's largest privately held airline, Union de Transports Aériens, or UTA, a move that would also give it control of the major French domestic carrier, Air Inter.

Industry analysts said the agreement, which significantly increases Air France's reach, would run into tough scrutiny from the European Community's antitrust regulators in Brussels.

Under the accord, the state-owned flag-carrier is to pay 3.8 billion francs ($662 million) to acquire a 54.58 percent stake in UTA from Chargeurs SA, a Paris-based holding company that owns 82.9 percent of UTA.

Since Air France owned 37 percent of Air Inter and UTA owned 35.8 percent of that airline, Air France would emerge with majority control of Air Inter as well. Air Inter, which carried 15.7 million passengers last year, is Europe's largest domestic airline and ranks fifth among airlines in total passengers carried.

In October, the European Commission, the Community's executive branch, found that cooperative agreement between Air France and Air Inter was anti-competitive because it called for sharing revenue, profits and losses.

Analysts suggested the Commission might conclude that Friday's accord aims to circumvent that decision, though the decision gives Air France the same hold over its foreign and domestic market that many other European flag-carriers have. Air France and Air Inter compete on several domestic routes as well as five international routes that Air Inter recently started flying.

"The problem here is the European Community likes to get involved in these matters," said Peter Bergius, an airline analyst with Kleinwort Benson in London. "This could end up being delayed for some time."

In a joint statement, Air France's chairman, Bernard Attali, and Chargeurs's chairman, Jérôme Seydoux, said that the agreement would permit "the formation of a group that will be better able to compete on an even footing with large global companies."

Industry analysts said the transaction was part of an effort by European airlines to grow larger through linking with others to compete with giant American and Asian airlines.

Under the accord, Air France and UTA would maintain their respective identities. UTA has many routes from France to Africa and Asia, and last year it started flying to Newark, New Jersey, from five provincial French cities, including Marseilles and Bordeaux. It also flies from Paris to San Francisco.

Under pressure from Air France,

See UTA, Page 11

East Germany Lets in Foreign Firms

Reuters

BERLIN — East Germany opened the way to Western capital on Friday by lifting a ban on foreign investment. It said it might allow some outside companies to hold majority stakes in joint ventures.

The legislature voted overwhelmingly to change the constitution to allow foreign participation in East German businesses of all sizes, from huge state combines to tiny private outfits.

Economics Minister Christa Luft said the government would issue a decree regulating joint ventures in two weeks, a temporary measure pending full legislation later in 1990 after free elections.

Earlier, Finance Minister Uta Nickel said the government would consider exceptions to its planned 49 percent ceiling on foreign shareholdings, which has been criticized in West Germany as not going far enough to attract outside investment. The minister said on West German television that exceptions were likely to include small and medium-sized companies.

So far, East Germany has said its new regulations would restrict foreign participation in joint ventures to 49 percent to protect East German industry from a sellout.

East Germany is keen to attract foreign capital to bolster industries that are wilting because of outmoded factories and an exodus of disillusioned citizens.

The finance minister told reporters after meeting West Germany's finance minister, Theo Waigel, "We will formulate basic rules. It must also be decided for which individual companies we will consider different regulations."

Mr. Waigel said West German companies were clamoring to invest but would not be satisfied with a 49 percent limit.

"All forms of participation are problematic," Mr. Waigel said. "But 49 percent participation will definitely not be enough to maintain the atmosphere that prevails in the markets at the moment."

Western observers said other East European countries had also initially tried to keep majority stakes in joint ventures but had abandoned this rather than frighten away foreign investors.

Merger Wave Seen At Computer Firms

1992 Heralds Europe Consolidation

Reuters

LONDON — Siemens AG's proposed acquisition of Nixdorf Computer AG could ignite a wave of consolidations in the European computer industry, but few observers said they believed such partnerships would translate into significant gains in market share.

Industry analysts said it was more likely that European companies would become takeover targets of much larger U.S. and Japanese concerns looking for distribution and service organizations in Europe ahead of the end of 1992, when trade barriers between European Community members will be outlawed.

Dennis Exton, who follows the computer industry for Merrill Lynch & Co., said he thought that European makers would be "marginal net losers" becoming "weaker partners" of large Japanese or U.S. companies.

Under its proposed Nixdorf acquisition, announced Wednesday, Siemens initially would take a 51 percent stake in its smaller West German competitor, with its share eventually rising to 80 percent.

The combined company would have information-technology revenue of $8.2 billion, making it by far the largest European computer company. However, it would rank second on the Continent behind International Business Machines Corp., with more than $20 billion in European sales.

More significantly, analysts said, Siemens holds only 5.2 percent of the West European market, compared with IBM's 20 percent, and ranks only 10th worldwide. The combined company would even rank second behind IBM in its own West Germany, market researchers said.

Those rankings highlight the problems European computer makers have in trying to remain competitive at home and abroad.

Companies such as Siemens, NV Philips of the Netherlands, Olivetti & Co. of Italy, Compagnie des Machines Bull SA of France and ICL, a subsidiary of STC PLC of Britain, have enjoyed the advantages of being national champions in their own countries for years.

But the protected positions at home meant they never developed the economies of scale or competitive skills necessary to expand abroad.

Now they are losing ground in their own countries. Of the 20 U.S., Japanese and European computer vendors in Europe in 1988, the European companies had a combined market share of only 20 percent, according to International Data Corp., down from 21 percent in 1982.

Analysts said these companies are almost certain to band together to survive, the same trend as seen in the European semiconductor, defense and telecommunications sectors.

But they are already late, given that mergers have been sweeping the U.S. computer industry for more than two years.

"Europe now is very similar to the U.S. situation of two years ago, when there was a steep drop in orders by major customers and a collapse of profit margins," said Dorian Foyil, industry analyst with UBS/Philips & Drew. "The U.S. industry went through a massive rationalization as a result." Thus, the analyst said, it now has a head start on its European competitors.

American computer makers are also eager to expand in Europe, where Dataquest Inc. is forecasting an increase in computer sales this year of about 15 percent, compared with 8 percent in the United States.

The prospect of a single European market in 1993, with a gross national product of $4 trillion and an avid demand for computer power, is attracting considerable attention from U.S. technology companies.

A recent survey by Bank of Boston Corp. in the United States found that 65 percent of computer manufacturing executives planned strategy changes in response to Europe's single market in 1993.

Analysts said U.S. companies will bring with them a strength in desktop computers, the fastest-growing segment of the market, that is mostly lacking among their European opposites.

CURRENCY RATES

Cross Rates

Jan. 12

	$	£	D.M.	F.F.	I.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	1.897	3.1555	1.1277	0.3311	0.1513 *	—	5.375 *	1.2658	1.3034 *
Brussels(a)	35.2825	58.725	20.973	6.1595	2.8134 *	18.604	—	23.576	0.2424
Frankfurt	1.6805	2.797	—	0.2936	0.1336 *	0.8868	4.778 *	1.1235	1.155 *
London (b)	1.6715	—	2.8063	9.5445	2,088.00	3.16	58.765	2.50	242.91
Milan	1,254.50	2,086.15	745.75	219.81	—	661.49	35.566	836.23	8.619
New York(c)	—	1.6685 b	1.687	5.7135	1,252.00	1.892	35.325	1.492	145.675
Paris	5.723	9.5245	3.4052	—	0.4566 *	3.0198	0.1623	3.8206	3.9345 *
Tokyo	145.45	241.135	86.45	25.41	0.1162	76.62	4.1204	96.58	—
Zurich	1.497	2.4993	0.8927	0.2622	0.1197 *	0.7917	4.264 *	—	1.0303 *
1 ECU	1.209	0.7268	2.0336	6.924	1,516.65	2.2903	42.6572	1.8011	175.912
1 SDR	1.321	0.7945	2.2214	7.5651	1,658.30	2.5006	46.6392	1.9789	192.267

Closings in London and Zurich, fixings in other centers, New York closing rates.
a: Commercial franc; b: To buy one pound; c: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	1100.0	Fin. markka	3.975	Mex. peso	2682.00	S. Afr. rand	2.5485
Austral. $	1.261	Greek drac.	157.15	N. Zealand $	1.6393	Soviet ruble*	0.6066
Austr. schil.	11.82	Hong Kong $	7.8085	Nig. naira*	5.2995	Span. peseta	109.50
Brazil cruz.	13.228	Indian rupee	16.978	Norw. krone	6.498	Swed. krona	6.128
Canadian $	1.1558	Indo. rupiah	1790.00	Phil. peso	22.00	Taiwan $	25.87
Chinese yuan*	4.72	Irish £	0.6371	Port. escudo	148.28	Thai baht	25.60
Danish krone	6.515	Israeli shek.	1.90	Saudi riyal	3.748	Turkish lira	2289.00
Egypt. pound	2.5832	Kuwaiti dinar	0.29	Sing. $	1.891	UAE dirham	3.67
		Malay. ring.	2.699	S. Kor. won	687.60	Venez. boliv.	44.05

New York rates unless marked * (local rate.)

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6540	1.6456	1.6362	Canadian dollar	1.1599	1.1634	1.1671
Japanese yen	145.30	145.15	145.06	Swiss franc	1.4940	1.4923	1.4911
Deutsche mark	1.6799	1.6801	1.6802				

Sources: Indosuez Bank (Brussels); Banco Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

INTEREST RATES

Eurocurrency Deposits

Jan. 12

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	8⅛-8¼	7⅞-8	[illegible]	15 ⅛-15 ¼	10⅞-11	6⅝-6 ¾	10⅞-11	8 ⅝
2 months	8⅛-8¼	8 ⅛-8 ¼	[illegible]	15 ⅛-15 ¼	11⅛-11¼	[illegible]	11 ⅛-11 ¼	8 ¾
3 months	8⅛-8¼	8 ¼-8 ⅜	[illegible]	15 ⅛-15 ¼	11¼-11⅜	6 ⅞-7 ⅛	11 ¼-11 ⅜	9
6 months	8⅛-8¼	8 ⅜-8 ½	[illegible]	15 ⅛-15 ¼	11¼-11⅜	7-7 ⅛	11¼-11⅜	9 ⅛
1 year	8 ⅛-8 ¼	8½-8⅝	[illegible]	14 ⅞-14 ⅞	11¼-11⅜	7-7 ⅛	11¼-11⅜	9 ⅛

Sources: All Reuters except ECU: Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

Jan. 12

United States	Close	Prev.
Discount rate	7.00	7.00
Prime rate	10.00	10.00
Federal funds	8.08	8 1/16
Com paper 90-179 days	7½	7½
3-month Treasury bills	7.48	7.54
6-month Treasury bills	7.40	7.40
1-year Treasury bills	7.21	7¼
30-year Treasury bond	99 13/32	100 2/32
2-month CD's	7.70	7.70
3-month CD's	7.70	7.70
Japan		
Discount rate	4¼	4¼
Call money	6 15/32	6⅝
1-month interbank	6¾	6¾
3-month interbank	6 27/32	6 27/32
West Germany		
Discount rate	6.00	6.00
Lombard rate	8.00	8.00
Call money	7.70	7.70
1-month interbank	8.15	8.15
3-month interbank	8.30	8.30
6-month interbank	8.45	8.45
Britain		
Bank base rate	15.00	15.00
Call money	15.00	14 15/16
1-month interbank	15 2/32	15 3/16
3-month interbank	15⅛	15⅛
France		
Intervention rate	10.00	10.00
Call money	10 3/16	10⅛
1-month interbank	10⅝	10 15/16
3-month interbank	11¼	11 3/16
6-month interbank	11¼	11¼

Sources: Reuters, Salomon Brothers, Bank of Tokyo, Commerzbank, Crédit Lyonnais.

Asian Dollar Deposits

Jan. 12

1 month	8⅛ - 8¼
2 months	8⅛ - 8¼
3 months	8⅛ - 8¼
6 months	8⅛ - 8¼
1 year	8 ⅛ - 8 ¼

Source: Reuters.

U.S. Money Market Funds

Jan. 12

Merrill Lynch Ready Assets
30-day average yield: 7.88
Telerate Interest Rate Index: 7.967
Source: Merrill Lynch, Telerate.

GOLD

Jan. 12

	A.M.	P.M.	Ch'ge
Hong Kong	413.55	414.35	+ 2.60
Luxembourg	414.80	—	+ 3.65
Paris (12.5 kilo)	414.89	415.22	+ 0.44
Zurich	414.45	415.25	+ 3.25
London	413.90	416.25	+ 4.15
New York	—	413.25	— 0.75

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.
Source: Reuters.

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MARKET DIARY

Via Associated Press Jan. 12

London Commodities

	Close Bid	Close Ask	High	Low	Previous Bid	Previous Ask
SUGAR U.S. Dollars per metric ton						
Mar	322.00	322.20	326.00	319.40	320.20	320.60
May	322.00	322.20	325.80	319.60	320.20	320.60
Aug	318.20	318.60	322.00	316.20	317.20	317.40
Oct	312.00	312.20	315.00	311.40	311.60	311.80
Dec	303.40	303.60	305.00	305.00	311.80	312.20
Mar	292.80	293.00	294.00	293.00	293.00	293.60
May	289.00	292.00	290.80	290.80	288.00	291.00
Volume: 4,999 lots of 50 tons.						
COCOA Sterling per metric ton						
Mar	641	642	649	634	641	642
May	658	659	662	646	653	654
Jul	669	670	671	661	665	666
Sep	682	683	684	675	680	682
Dec	704	705	707	700	700	701
Mar	719	720	722	715	716	717
May	731	732	734	726	728	730
Volume: 11,196 lots of 10 tons.						
COFFEE Sterling per metric ton						
Jan	588	589	606	584	604	606
Mar	607	610	626	607	628	629
May	622	624	640	624	640	641
Jul	643	645	655	643	656	657
Sep	662	665	670	662	671	673
Nov	684	686	690	682	692	695
Jan	700	706	705	703	705	710
Volume: 4,974 lots of 5 tons.						

Paris Commodities

	High	Low	Close Bid	Ask	Ch'ge
SUGAR French francs per metric ton					
Mar	2,505	2,444	2,490	2,500	+40
May	2,470	2,440	2,455	2,465	+37
Aug	2,490	2,450	2,450	2,470	+42
Oct	2,340	2,325	2,320	2,335	+26
Dec	N.T.	N.T.	2,155	2,195	+26
Mar	N.T.	N.T.	2,145	2,195	+27

Est vol: 3,023 lots of 50 tons. Prev. actual sales: 2,705 lots. Open interest: 16,409.

	High	Low	Close Bid	Ask	Ch'ge
COCOA French francs per 100 kg					
Mar	N.T.	N.T.	—	420	Unch.
May	N.T.	N.T.	—	625	Unch.
Jly	N.T.	N.T.	—	630	Unch.
Sep	N.T.	N.T.	—	650	Unch.
Dec	N.T.	N.T.	—	680	Unch.
Mar	N.T.	N.T.	—	690	Unch.
May	N.T.	N.T.	—	710	Unch.

Est. vol: 0 lots of 10 tons. Prev. actual sales: 0 lots. Open interest: 0

	High	Low	Close Bid	Ask	Ch'ge
COFFEE French francs per 100 kg					
Jan	N.T.	N.T.	—	565	—10
Mar	N.T.	N.T.	—	590	—5
May	N.T.	N.T.	—	600	—5
Jly	N.T.	N.T.	—	615	+5
Sep	N.T.	N.T.	—	650	+5
Nov	N.T.	N.T.	—	655	Unch.
Jan	N.T.	N.T.	—	660	—5

Est. vol: 0 lots of 5 tons. Prev. actual sales: 2. Open interest: 173.
Source: Bourse de Commerce.

London Metals

	Close Bid	Close Ask	Previous Bid	Previous Ask
ALUMINUM (High Grade) Sterling per metric ton				
Spot	1559.00	1561.00	1562.00	1564.00
Forward	1568.00	1570.00	1569.00	1570.00
COPPER CATHODES (High Grade) Sterling per metric ton				
Spot	1452.00	1453.00	1502.00	1503.00
Forward	1462.00	1463.00	1504.00	1505.00
LEAD Sterling per metric ton				
Spot	422.00	423.00	431.00	432.00
Forward	416.00	416.50	428.50	429.50
NICKEL Dollars per metric ton				
Spot	7500.00	7550.00	7625.00	7675.00
Forward	7360.00	7370.00	7450.00	7460.00
TIN Dollars per metric ton				
Spot	6680.00	6700.00	6650.00	6680.00
Forward	6815.00	6818.00	6770.00	6790.00
ZINC (High Grade) Dollars per metric ton				
Spot	1260.00	1270.00	1295.00	1305.00
Forward	1240.00	1250.00	1270.00	1280.00

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Currency Options

Jan. 12

PHILADELPHIA EXCHANGE

Option & Underlying	Strike Price	Calls—Last Jul	Aug	Sep	Puts—Last Jul	Aug	Sep
50,000 Australian Dollars-cents per unit.							
Dollr	76	r	r	r	r	r	0.62
79.36	77	2.40	r	r	r	r	r
79.36	78	1.40	1.54	r	0.01	r	1.38
79.36	79	0.45	0.79	r	0.12	r	r
79.36	80	r	0.50	r	r	1.95	
31,250 British Pounds-cents per unit.							
Pound	160	r	6.70	r	r	r	1.15
166.87	162½	4.30	r	r	r	0.88	r
166.87	165	r	2.75	r	r	1.90	r
166.87	167½	r	1.50	r	r	3.10	4.80
166.87	170	r	0.80	r	r	5.00	r
166.87	172½	s	r	0.80	s	r	
50,000 Canadian Dollars-cents per unit.							
Dollr	85	r	r	r	r	0.07	r
86.48	86	0.55	r	r	0.60	r	0.30
86.48	86½	0.05	0.25	0.39	0.05	r	
50,000 Canadian Dollars-European Style.							
Dollar	84½	r	r	r	r	r	0.12
86.48	85½	1.03	r	r	r	0.14	0.36
86.48	86	0.53	r	r	r	0.32	r
86.48	86½	r	0.24	r	r	r	
62,500 West German Marks-cents per unit.							
Mark	54	5.60	r	r	r	r	r
59.64	55	4.60	r	r	0.01	r	r
59.64	56	3.57	r	r	r	r	r
59.64	57	2.60	2.86	r	r	0.16	0.33
59.64	57½	r	r	r	r	0.22	r
59.64	58	1.56	r	r	r	0.33	0.54
59.64	58½	1.11	r	r	0.01	0.45	r
59.64	59	0.61	1.24	1.50	0.01	0.62	0.88
59.64	59½	0.15	s	r	0.03	r	r
59.64	60	0.01	0.73	0.90	0.38	1.09	r
59.64	60½	0.01	0.45	r	r	r	r
59.64	61	r	0.45	0.66	r	r	r
59.64	62	r	0.21	0.44	r	r	r
59.64	63	s	r	0.25	s	r	r
62,500 West German Marks-European Style.							
59.64	57	r	r	r	r	0.16	r
59.64	57½	r	r	r	r	0.23	r
59.64	59	0.46	r	r	r	r	
6.25 mil Yen-100ths of a cent per unit.							
Yen	66	r	r	r	r	r	0.16
68.65	67	r	r	r	r	0.15	0.30
68.65	68	0.84	r	r	r	0.35	0.50
68.65	68½	0.18	r	r	0.03	r	r
68.65	69	0.02	0.60	0.88	0.31	0.75	0.97
68.65	69½	0.01	0.40	r	0.86	1.09	r
68.65	70	r	0.27	0.46	1.25	1.39	1.45
68.65	70½	0.01	r	r	1.75	r	r
68.65	71	r	0.12	0.28	r	r	r
68.65	72	r	r	0.14	r	r	r
6.25 mil Japanese Yen-European Style.							
68.65	69	0.04	r	r	0.27	r	r
68.65	70	r	r	r	1.26	r	r
68.65	71	r	r	r	2.24	r	r
62,500 Swiss Francs-cents per unit.							
Franc	63	r	r	4.16	r	r	r
67.11	64	r	3.30	r	r	r	0.39
67.11	65	r	1.94	2.54	r	r	r
67.11	65½	r	1.62	r	r	0.48	r
67.11	66	r	1.75	1.85	0.03	r	1.04
67.11	66½	s	0.95	r	s	r	r
67.11	67	0.06	0.96	r	0.13	r	r
67.11	68	r	r	0.90	r	1.74	r
67.11	69	r	r	0.60	r	r	

Total call vol. 52,401 Call open int. 362,900
Total put vol. 26,975 Put open int. 391,112
r—Not traded. s—No option offered.
Last is premium (purchase price).

Spot Commodities

Commodity	Today	Prev.
Aluminum, lb	0.725	0.725
Coffee, lb	0.72	0.73
Copper electrolytic, lb	1.228	1.228
Iron FOB, ton	213.00	213.00
Lead, lb	0.38	0.38
Printcloth, yd	n.a.	n.a.
Silver, troy oz	5.34	5.305
Steel (billets), ton	473.00	473.00
Steel (scrap), ton	97.17	97.17
Tin, lb	4.0465	4.0459
Zinc, lb	0.68	0.68

DM Futures Options

Strike Price	Calls-Settle Jan	Feb	Mar	Puts-Settle Jan	Feb	Mar
57	3.12	2.53	2.68	0.05	0.14	0.23
58	2.40	1.79	1.95	1.38	0.38	0.57
59	1.94	1.81	1.33	1.68	0.67	0.94
60	0.49	0.52	1.35	2.33	1.13	1.45
61	1.12	0.26	0.53	2.74	1.85	2.18
62	0.03	0.12	0.32	—	—	2.88

Est. total vol.: 18,518
Calls: Thur. vol.: 9,238; open int.: 57,175
Puts: Thur. vol.: 4,534; open int.: 73,839
Source: CME.

NYSE Diary

	Close	Prev.
Advanced	215	879
Declined	1483	566
Unchanged	304	535
Total Issues	2002	1980
New Highs	21	48
New Lows	59	28

AMEX Diary

	Close	Prev.
Advanced	116	275
Declined	514	271
Unchanged	200	264
Total Issues	830	810
New Highs	7	14
New Lows	20	7

NASDAQ Diary

	Close	Prev.
Advanced	482	986
Declined	1,806	947
Unchanged	2,057	2,415
Total Issues	4,345	4,348

N.Y.S.E. Odd-Lot Trading

	Buy	Sales	*Sh'rt
Jan. 11	364,455	447,509	4,561
Jan. 10	355,703	571,584	13,670
Jan. 9	333,570	531,421	4,909
Jan. 8	375,718	467,612	3,777
Jan. 5	365,948	487,643	5,624

*Included in the sales figures

Dividends

Company	Per	Amt	Pay	Rec
INCREASED				
Liberty Nat'l Bncrp	Q	.23½	2-11	2-22
Mark Twain Bcshrs	Q	.22	2-01	2-26
Washington Post Co	Q	1.00	2-01	2-26
PROPOSED REVERSE SPLIT				
Plains Resources Inc — 1-for-5				
STOCK SPLIT				
Centel Corp — 3-for-2				
Royal Bank of Canada — 2-for-1				
USUAL				
Ameron Inc	Q	.32	2-20	1-25
Artesian Res cl-A	Q	.22	2-15	2-9
Burlington North	Q	.30	4-23	-12
Burlington Northern	Q	.30	4-22	-12
Colgate-Palmolive	Q	.45	2-15	1-25
Ford Motor Co	Q	.75	3-1	1-30
Idaho Power Co	Q	.46½	2-20	1-25
LADD Furniture Inc	Q	.07	2-15	2-1
Mel-Coll Systems	Q	.03	2-11	-24
NWNL Cos Inc	Q	.30	2-01	-22
Rubbermaid Inc	Q	.13	3-1	2-9
Sierra Pacific Res	Q	.46	2-11	-22
United Nat'l Bancorp	Q	.23	2-11	-16

a-annual; m-monthly; q-quarterly; s-semi-annual
Source: UPI.

S&P 100 Index Options

Jan. 12

Strike Price	Calls-Last Jan	Feb	Mar	Apr	Puts-Last Jan	Feb	Mar	Apr
290	—	—	—	—	⅛	2⅝	3⅝	—
295	—	—	—	—	⅜	2⅞	4⅝	—
300	22½	24½	29	32½	1⅛	3⅞	6	6
305	17	17⅝	—	—	1⅝	4⅝	6½	—
310	10	14	18	23½	2⅜	6⅝	8⅝	10¼
315	6⅞	10⅝	15½	—	3⅞	7⅝	10½	—
320	3¼	7⅜	12¼	16½	5⅝	9⅝	11⅝	15
325	1⅜	5⅜	8⅝	—	8⅜	11⅝	14¼	—
330	⅞	3¼	6¼	9¼	13	15	17	18¾
335	¼	2	4⅝	—	16½	18⅞	20	—
340	⅛	1⅜	2⅞	5	22⅝	23½	21¼	24½
345	⅛	⅜	1⅝	—	—	23⅝	25	—
350	⅛	⅛	1	2¼	31¼	—	—	—

Calls: total volume 177,822; total open int. 345,843
Puts: total volume 258,879; total open int. 430,358
S&P 100 index:
High 326.84 low 318.36 close 318.46 —8.18
Source: CBOE.

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	2721.42	2736.92	2675.98	2689.21	—71.46
Trans	1152.38	1157.18	1134.25	1140.65	—25.07
Util	223.97	224.72	219.76	220.70	—4.97
Comp	1014.28	1019.04	997.29	1002.31	—24.69

Standard & Poor's Indexes

	High	Low	Close	Ch'ge
Industrials	400.57	390.21	390.72	—9.85
Transp.	275.65	260.57	269.25	—6.40
Utilities	148.46	144.26	144.57	—3.89
Finance	30.75	30.04	30.04	—0.71
SP 500	348.53	339.49	339.93	—8.60
SP 100	326.84	318.36	318.46	—8.18

NYSE Indexes

	High	Low	Close	Ch'ge
Composite	190.41	188.32	188.32	—4.46
Industrials	228.83	226.15	226.15	—5.52
Transp.	174.75	173.42	173.49	—3.73
Utilities	96.30	95.34	95.34	—2.31
Finance	153.23	151.89	151.89	—2.95

NASDAQ Indexes

	Close	Ch'ge	Week Ago	Month Ago
Composite	439.72	—9.14	458.22	443.84
Industrials	434.43	—10.8	454.68	434.02
Finance	499.81	—6.15	510.42	498.64
Insurance	532.49	—9.99	552.62	553.73
Utilities	671.13	—12.9	714.56	716.41
Banks	390.92	—3.55	398.48	387.06
Transp.	487.29	—10.1	502.91	486.15

AMEX Stock Index

High	Low	Close	Ch'ge
379.36	372.04	372.23	—7.12

Dow Jones Bond Averages

	Close	Ch'ge
Bonds	92.74	—0.10
Utilities	94.18	—0.20
Industrials	91.30	Unch.

Market Sales

NYSE 4 p.m. volume	183,880,000
NYSE prev. cons. close	185,275,060
Amex 4 p.m. volume	20,450,000
Amex prev. cons. close	12,680,000
NASDAQ 4 p.m. volume	143,504,400
NASDAQ prev. 4 p.m. volume	132,996,380
NYSE volume up	9,042,700
NYSE volume down	165,600,900
Amex volume up	4,552,500
Amex volume down	13,445,000
NASDAQ volume up	n.a.
NASDAQ volume down	n.a.

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
PhilMr s	43624	39¾	38½	38½	—1½
Citicorp	25818	27⅛	26⅝	26⅝	—⅝
Sears	20940	38⅛	37⅝	38	—⅛
PhilaEl	20937	22	21¼	21⅝	
GenEl	19749	64	62⅞	63⅛	—1⅜
PdNM s	18690	37⅛	36⅜	36⅜	—¾
AT&T	18517	44⅛	43⅝	43¼	—1⅛
Waste s	15007	34½	33	33⅛	—1½
AmExp	14672	33⅜	32⅞	33	—¾
ParCom	14646	47¼	45⅞	46	—2
Rorer	14448	51⅜	48¼	49	
IBM	13472	99¼	97⅜	97⅝	—2⅛
PlcrD g	13250	21½	19⅞	20	—⅞
Hmstke	13167	23	21⅝	21⅝	—⅝
GMotr s	13106	42⅝	41¼	41⅝	—1¼

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
Dnmk wt	31784	5	4⅝	5	
EchoBy	13568	21¼	19⅝	19¾	—⅝
TexAir	9664	9¼	8⅝	9	—⅛
Coron	6991	10	9⅝	9⅝	—⅜
DowC rt	6946	8¼	8	8¼	
BAT In	6477	13⅝	13½	13½	—⅛
BergB s	5873	25	24¼	24¼	—⅞
Hilhov n	5608	2½	1⅞	1⅞	
WangB	5194	4⅝	4⅝	4½	—⅛
Alza	5116	40⅝	37⅛	37¼	—4⅛
PegGld	4034	16⅛	15⅝	15⅝	—⅛
StGpA s	3580	16¼	16	16⅛	—⅜
ENSCO	3369	4	3⅞	3⅞	—⅛
SikesA	3289	12⅝	12	12⅛	—½
Filber	2827	19⅝	18½	19⅝	+1

MARKET: *Dow Drops 71 Points*

(Continued from page 1)

weeks, and today we had all these events that were a crushing blow to optimism in the financial markets."

Mr. Johnson said investors would be watching the corporate profit reports for 1989 and especially last year's fourth quarter, which will be coming out in the next few weeks. "I think they will show that the edginess in the market has been well-founded," he said.

Economists do not necessarily believe that inflation has come roaring back, "although the market believes it," said David Hale of Kemper Securities of Chicago. And that may be what counts.

But more fundamental factors were at work on a global scale. Analysts cited an increasingly complex set of international relationships, starting with a shift in the flow of Japanese money from New York, where it had supported stock markets and held down interest rates through much of the 1980s.

This week there were few Japanese bidders in the U.S. Treasury auctions; most Japanese money either is staying at home because of higher interest rates or going to Frankfurt where the stock market is booming.

"In the past, we have depended on the Japanese to help us out, but now they have their own dilemma," said Francis A. Scotland, managing editor of Montreal-based International Bank Credit Analyst. "The Bank of Japan has kept interest rates too low for too long, and now the country is due for a bout of inflation."

"The central bank could stabilize the market by loosening credit, but if it did that, the yen would drop."

The Fed has a similar dilemma. If it cuts rates now, the stock market also would recover, but the dollar would drop. But with U.S. economic prospects dimmer, little new equity investment from abroad is expected to bail out Wall Street.

David H. Resler of Nomura Securities in New York said the outlook was pessimistic. "The Japanese are going to have to run a tight money policy, and the market sees that," he said. "The U.S. is on the brink of a recession, so international investment funds are more likely to go to Germany. But the Germans are frightened of inflation and they will try to rein in their money supply come hell or high water."

Japanese Stocks Post 8th-Steepest Decline

By Patrick L. Smith
International Herald Tribune

TOKYO — Japanese stock prices dropped almost 2 percent Friday, according to the leading market index, the worst one-day loss since November 1987 and the eighth-largest fall in the history of the Tokyo Stock Exchange.

The Nikkei average of 225 industrial stocks, the most widely followed market barometer, ended at 37,516.77, down 653.36 points from Thursday's close and 2,040 points below its level at the beginning of the year.

"We could see a very unsteady market for the better part of a month," said Bruce Johnson, chief strategist at Baring Securities (Japan) Ltd. "Given all the uncertainties, it is likely to be a volatile market as well."

Analysts ascribed the market's weakness to a series of continuing domestic and international developments, including the clouded outlook for Japanese interest rates, the Bank of Japan's apparent inability to defend the yen, the coming national elections here and what appear to be mounting difficulties for Mikhail S. Gorbachev, the Soviet leader, in negotiations with internal independence movements.

These circumstances were especially bearish Friday, analysts said, because Monday is a national holiday in Japan and investors would be unable to respond to new developments overseas.

Most immediately, investors appeared to react negatively to plunging government bond prices and new concerns about inflation expressed Friday by Yasushi Mieno, the central bank governor.

Mr. Mieno said in a speech that the weakening yen posed a threat of imported inflation in wholesale prices, which he estimated would rise 1.1 percent for each 10-yen drop against the U.S. currency.

The dollar closed in Tokyo at 145.35 yen, up marginally from Thursday and 1.7 yen ahead of the previous week's finish. Currency dealers estimated that the Bank of Japan sold $200 million to $300 million Friday in what has become an almost daily exercise in yen defense.

The Bank of Japan has been widely criticized for over-reacting to the threat of inflation since it raised its official discount rate last month for the third time in 1989. Because that move came shortly after Mr. Mieno assumed office, he has since been identified in the financial markets as tending to favor tighter monetary policies than his predecessor.

Wholesale prices rose last month at an annualized rate of roughly 3 percent. The official discount rate, the interest the central bank charges on loans to commercial banks, is now 4.25 percent, its highest level in four years.

Underlying these immediate factors, analysts said, is a fundamental shift in perspective among Japanese investors. Because real estate prices in leading growth areas have stabilized or declined slightly in recent months, investors are beginning to focus less than in the past on large corporations with substantial assets and more on smaller growth stocks not necessarily included in the Nikkei average.

Brokers said the index would probably test the 37,000 level next week and could drop an additional 1,000 points before finding renewed investor support.

BUSINESS BRIEFS

Investor Backs Away from Bond Bid

LOS ANGELES (Reuters) — Jeff H. Reynolds said Friday he probably will withdraw his proposal to acquire a majority of Bond Corp. Holdings of Australia.

"I'm not sure we will be going through with it," he said in a telephone interview from his Houston residence. "We came with too little, too late," he said of the offer, which had been widely questioned.

Mr. Reynolds said he was the principal investor in Weatherby Investments Inc. and its parent, Pacific California International Holdings Co. of Singapore. He said the units were investment vehicles rather than operating companies and therefore aroused suspicion due to their low profiles.

Ford Puts Aerospace Unit on Block

DETROIT (AP) — Ford Motor Co. said on Friday that it would sell its Ford Aerospace Corp. subsidiary to concentrate on other businesses at a time when defense spending is getting close scrutiny in Washington.

The announcement, which was expected, came just over a month after Chrysler Corp. said it was putting its Chrysler Technologies Corp. up for sale so that it could concentrate on its core businesses. Ford's cash reserves have been drained by its acquisitions of Jaguar PLC and Associates Corp., a financing company, for a total of $5.85 billion.

Belzbergs Make Bid for Israel's Koor

JERUSALEM (AP) — Canada's Belzberg family on Friday offered $130 million for Koor Industries, the troubled industrial concern.

Israel radio reported the offer by Mark Belzberg requires the Finance Ministry to provide the $50 million it promised Koor last year. Media reports said the Finance Ministry preferred the Belzberg offer, while Koor leaders favored an earlier bid by Shamrock Corp. of the United States.

For the Record

Compagnie de Navigation Mixte has raised its stake in investment bank Compagnie Financiere de Paribas to nearly 20 percent, a French newspaper report said on Friday. La Tribune de L'Expansion quoted unnamed sources as saying Mixte and allies held just under 20 percent. *(Reuters)*

Fiat SpA boosted its West European car sales 4 percent, to a record 2.01 million units last year from 1.93 million in 1988, a company spokesman said Friday. He added that since the total West European car market rose to 13.32 million units last year from 13 million in 1988, Fiat's market share had risen to around 15 percent from 14.8 percent. *(Reuters)*

ABB Asea Brown Boveri AG said Friday it had agreed with Polish authorities to set up a joint venture that will include Zamech, Poland's top maker of steam turbines, power plant gear and equipment. *(Reuters)*

Gorbachev Fears Aid Dollar To Rise Against Mark, Yen

The Associated Press

NEW YORK — A wave of uncertainty over Soviet President Mikhail S. Gorbachev's political future pushed the dollar higher against the Deutsche mark and the yen on Friday, overshadowing two bearish reports on the American economy.

The U.S. currency advanced to 1.6870 Deutsche marks from Thursday's close of 1.6590 marks and also continued its rise against the yen, closing at 145.675, compared with 145.455.

The dollar slipped against other major currencies.

The British pound rose to $1.6605, compared with $1.6590 on Thursday.

The dollar fell to 1.4920 Swiss francs from 1.5060, and it dropped to 5.7135 francs from 5.7215.

In earlier London trading, the dollar had slipped and the U.S. currency traded sharply lower in early New York dealings following negative reports on U.S. inflation and retail sales.

But later in the day, traders said that the dollar had been pushed higher by fears that the Soviet leader might not be able to retain his hold on power amid the intense political pressure surrounding Lithuanian demands for secession.

During a trip to Lithuania, Mr. Gorbachev promised to hold a referendum on a law that would require republics to hold their own votes on breaking away from the Soviet Union. However, currency traders said there were rumors that he was not supported by Moscow.

"The speculation is that Gorbachev is not dealing from a large power base any more," said Kevin Lawrie, a vice president at the Bank of Boston's New York office.

"And when in doubt, buy the buck," he said, referring to the dollar as the safe-haven currency during times of political instability.

London Dollar Rates

Closing	Fri.	Thu.
Deutsche mark	1.6755	1.6815
Pound sterling	1.6715	1.6570
Japanese yen	145.35	145.20
Swiss franc	1.4958	1.5175
French franc	5.7181	5.7285

Source: Reuters

Foreign Exchange

U.S. FUTURES

Via Associated Press Jan. 12

Grains

Season High	Season Low		Open	High	Low	Close	Chg.
WHEAT (CBT) 5,000 bu minimum-dollars per bushel							
4.43	3.87	Mar	4.07½	4.07½	4.00½	4.01½	—.05¾
4.32	3.70	May	3.87	3.87½	3.81½	3.82	—.02½
3.85	3.42¼	Jul	3.61	3.62	3.57¼	3.57¾	+.00¾
3.73	3.48	Sep	3.66	3.67	3.62	3.62	
3.80	3.56	Dec	3.76½	3.77½	3.73	3.73	
3.82½	3.78½	Mar				3.78	
Est. Sales		Prev. Sales 12,580					
Prev. Day Open Int. 54,545 off 200							
CORN (CBT) 5,000 bu minimum-dollars per bushel							
2.86½	2.26	Mar	2.42	2.44	2.41½	2.42¼	+.03¾
2.89½	2.30	May	2.47¾	2.49	2.47¼	2.48½	+.04
2.85	2.31	Jul	2.52¾	2.54	2.52	2.53¼	+.04
2.71	2.29	Sep	2.50½	2.51¾	2.50	2.51	+.04
2.63½	2.22	Dec	2.48¾	2.50	2.48¼	2.49½	+.03¼
2.55	2.41	Mar	2.55	2.56	2.54½	2.56	+.04¼
2.60	2.55½	May	2.59	2.59½	2.58½	2.59½	+.03¾
Est. Sales		Prev. Sales 19,130					
Prev. Day Open Int. 172,654 off 178							
SOYBEANS (CBT) 5,000 bu minimum-dollars per bushel							
7.67	5.51	Jan	5.72½	5.74½	5.65	5.65½	—.04¼
7.74	5.63½	Mar	5.85	5.86½	5.76½	5.77¼	—.04¼
7.78	5.73½	May	5.98	5.99¼	5.90½	5.91¼	—.04¼
7.31	5.78½	Jul	6.10	6.11½	6.02	6.03¼	—.04
7.05	5.78	Aug	6.14	6.14	6.05¾	6.07¼	—.01¾
6.60	5.68	Sep	6.13	6.13	6.07	6.08	—.01½
6.60	5.64½	Nov	6.17	6.17	6.11½	6.13¼	—.00½
6.35½	5.87	Jan	6.25½	6.26	6.21	6.23	
6.43	6.33	Mar	6.36	6.36	6.32½	6.33½	
Est. Sales		Prev. Sales 22,410					
Prev. Day Open Int. 95,428 off 633							
SOYBEAN MEAL (CBT) 100 tons-dollars per ton							
230.00	175.50	Jan	180.50	180.50	176.50	176.60	—2.20
249.20	175.20	Mar	180.80	180.80	177.80	178.00	—1.30
230.50	174.00	May	181.50	181.50	179.00	179.70	—.80
208.00	174.00	Jul	182.00	182.00	181.30	181.50	—.50
188.00	173.50	Aug	184.00	184.00	182.70	182.70	—.20
188.00	171.50	Sep	185.00	185.10	184.00	184.00	—.20
188.50	174.00	Oct	186.00	186.20	185.00	185.00	+.30
190.50	174.00	Dec	187.50	188.00	186.50	187.70	+1.00
189.00	186.10	Jan				188.20	+1.50
Est. Sales		Prev. Sales 14,228					
Prev. Day Open Int. 57,106 off 1,512							
SOYBEAN OIL (CBT) 60,000 lbs-dollars per 100 lbs.							
25.45	18.35	Jan	19.40	19.48	19.10	19.17	—.14
25.85	18.78	Mar	19.71	19.74	19.39	19.40	—.19
26.05	19.20	May	19.91	20.08	19.73	19.75	—.18
25.90	19.50	Jul	20.15	20.26	19.95	19.98	—.18
23.90	19.50	Aug	20.22	20.22	19.95	19.95	—.21
21.70	19.50	Sep	20.21	20.21	20.00	20.00	—.18
21.35	19.90	Oct	20.20	20.20	20.02	20.02	—.18
21.50	20.00	Dec	20.50	20.50	20.20	20.20	—.12
21.45	20.05	Jan	20.25	20.25	20.25	20.20	—.12
20.60	20.35	Mar				20.42	
Est. Sales		Prev. Sales 13,699					
Prev. Day Open Int. 73,485 off 1,080							

Livestock

Season High	Season Low		Open	High	Low	Close	Chg.
CATTLE (CME) 40,000 lbs.-cents per lb.							
77.92	69.80	Feb	77.35	78.00	76.90	77.20	—.32
76.70	70.80	Apr	76.35	76.95	76.17	76.42	—.20
73.45	69.75	Jun	71.80	72.20	71.55	71.57	—.25
72.07	69.12	Aug	71.52	71.85	71.15	71.17	—.30
72.07	68.50	Oct	71.90	72.35	71.45	71.65	—.30
73.20	71.00	Dec	72.75	73.20	72.60	72.60	—.32
Est. Sales 23,369		Prev. Sales 20,456					
Prev. Day Open Int. 92,141 up 3,477							
FEEDER CATTLE (CME) 44,000 lbs.-cents per lb.							
85.60	77.30	Jan	84.25	84.45	83.80	83.85	—.52
84.10	77.40	Mar	83.00	83.47	82.35	82.42	—.80
83.00	78.90	Apr	82.15	82.45	81.70	81.90	—.40
82.00	78.65	May	81.20	81.52	80.95	81.02	—.18
81.10	78.50	Aug	80.55	80.72	80.25	80.47	—.13
80.35	78.00	Sep	80.00	80.05	80.00	80.00	
80.00	78.20	Oct	79.80	79.80	79.45	79.65	—.10
80.00	79.00	Nov	80.00	80.00	80.00	80.00	
Est. Sales 1,854		Prev. Sales 1,207					
Prev. Day Open Int. 10,754 up 157							
HOGS (CME) 30,000 lbs.-cents per lb.							
51.87	41.75	Feb	51.20	51.32	50.52	50.67	—.60
48.90	39.40	Apr	48.35	48.55	47.60	47.77	—.63
53.05	44.25	Jun	52.65	53.00	52.25	52.40	—.45
53.20	44.95	Jul	52.90	53.17	52.35	52.57	—.40
51.60	43.70	Aug	51.25	51.40	50.77	50.85	—.37
46.55	40.80	Oct	45.90	45.90	45.40	45.42	—.50
47.90	44.25	Dec	47.50	47.50	46.80	47.00	—.37
Est. Sales 6,548		Prev. Sales 6,632					
Prev. Day Open Int. 30,714 up 618							
PORK BELLIES (CME) 40,000 lbs.-cents per lb.							
65.90	38.30	Feb	57.30	57.87	55.47	55.47	—2.00
64.90	38.15	Mar	57.85	58.35	55.82	55.82	—2.00
63.75	39.50	May	59.00	59.40	57.10	57.10	—2.00
61.90	39.95	Jul	59.10	59.50	57.22	57.22	—2.00
60.00	39.30	Aug	57.35	57.35	55.12	55.37	—1.95
63.40	48.07	Feb	58.00	58.00	56.77	56.77	—1.65
58.00	50.30	Mar	56.40	56.40	56.40	56.40	—2.00
Est. Sales		Prev. Sales 6,727					
Prev. Day Open Int. 12,581 off 335							

Food

Season High	Season Low		Open	High	Low	Close	Chg.
COFFEE C (NYCSCE) 37,500 lbs.-cents per lb.							
146.00	71.00	Mar	81.00	81.00	78.70	79.04	—2.56
124.50	72.75	May	82.25	82.25	80.60	80.75	—2.50
132.25	74.85	Jul	84.00	84.00	82.60	82.63	—2.37
120.00	77.25	Sep	86.00	86.00	84.60	84.66	—2.29
104.00	81.00	Dec	88.50	88.60	87.25	87.25	—2.20
116.75	83.00	Mar	91.50	91.50	90.00	90.00	—2.03
123.00	92.50	May	93.60	93.60	93.60	91.58	—2.13
Est. Sales 8,723		Prev. Sales 8,459					
Prev. Day Open Int. 38,813 up 888							
SUGARWORLD 11 (NYCSCE) 112,000 lbs.-cents per lb.							
15.38	8.75	Mar	14.53	14.76	14.49	14.56	+.04
15.10	9.20	May	14.55	14.73	14.48	14.56	+.05
14.84	10.55	Jul	14.36	14.54	14.29	14.41	+.08
14.41	10.40	Oct	14.02	14.20	13.97	14.09	+.06
13.74	12.10	Mar	13.40	13.54	13.38	13.38	—.04
		May				13.13	—.20
Est. Sales 27,389		Prev. Sales 17,258					
Prev. Day Open Int. 162,480 off 1,374							
COCOA (NYCSCE) 10 metric tons-$ per ton							
1535	896	Mar	1012	1012	985	987	—19
1465	905	May	1001	1003	978	981	—17
1380	921	Jul	1013	1014	990	991	—19
1400	941	Sep	1028	1028	1008	1008	—18
1395	965	Dec	1045	1045	1030	1030	—12
1380	985	Mar	1057	1057	1044	1050	—7
1060	1000	May	1071	1071	1053	1055	—15
Est. Sales 9,568		Prev. Sales 14,051					
Prev. Day Open Int. 52,541 up 1,730							
ORANGE JUICE (NYCE) 15,000 lbs.-cents per lb.							
196.50	121.00	Jan	195.50	198.00	192.00	197.50	+12.00
194.00	121.40	Mar	193.50	193.50	193.50	193.50	+5.00
194.00	122.50	May	192.75	192.75	192.75	192.75	+5.00
193.00	123.00	Jul	192.00	192.00	192.00	192.00	+5.00
189.00	123.50	Sep	191.15	191.15	191.15	191.15	+5.00
186.50	124.00	Nov	190.00	190.00	190.00	190.00	+5.00
180.05	125.00	Jan	184.75	184.75	184.75	184.75	+5.00
180.00	180.00	Mar				184.75	+5.00
178.00	178.00	May	184.75	184.75	184.75	184.75	+5.00
Est. Sales		Prev. Sales 2,485					
Prev. Day Open Int. 8,983 up 210							

Metals

Season High	Season Low		Open	High	Low	Close	Chg.
HI GRADE COPPER 25,000 lbs.- cents per lb.							
130.00	101.75	Jan	108.40	108.40	106.00	106.70	—3.30
126.00	102.50	Feb	107.00	107.00	106.00	106.30	—3.20
125.90	98.50	Mar	108.20	108.20	105.00	105.90	—3.20
123.70	98.70	Apr	106.20	106.40	105.25	105.10	—2.70
120.70	95.85	May	105.70	105.90	103.80	104.30	—2.75
116.80	98.50	Jun	104.50	104.50	103.50	103.50	—3.00
117.10	95.20	Jul	103.80	104.00	102.80	102.90	—3.00
110.50	100.50	Aug	102.50	102.50	102.80	102.80	—3.40
113.30	94.00	Sep	102.45	102.65	101.20	101.20	—3.40
109.00	99.30	Oct	101.50	101.50	101.50	101.00	—3.05
101.70	99.00	Nov				101.00	—1.90
110.00	93.75	Dec	101.00	101.00	99.80	100.30	—2.05
102.50	101.00	Jan				99.90	—1.85
106.00	98.50	Mar	99.50	99.50	99.20	99.30	—1.85
103.25	103.25	May				98.80	—1.55
		Jul				98.50	—1.55
		Sep				98.50	—1.55
Est.Sales 8,000		Prev.Sales 3,033		Prev.Day Open Int. 29,996			Chg. +182
ALUMINUM (COMEX) 40,000 lbs.- cents per lb.							
82.50	82.50	Jan				70.25	
		Feb				70.25	
87.00	71.00	Mar				71.50	
75.00	72.50	May				71.50	
95.50	95.50	Jul				71.50	
74.50	74.50	Sep				71.25	
		Dec				71.25	
		Jan				71.25	
		Mar				71.25	
		May				71.25	
		Jul				71.25	
		Sep				71.25	
Est. Sales		Prev. Sales					
Prev. Day Open Int. 48							
SILVER (COMEX) 5,000 troy oz.- cents per troy oz.							
815.0	512.0	Jan				533.0	+2.4
567.0	520.0	Feb	537.0	537.0	537.0	534.7	+2.3
910.0	517.4	Mar	539.0	544.5	530.5	538.8	+2.3
910.0	526.5	May	547.0	552.0	544.5	547.0	+2.4
761.5	534.0	Jul	553.5	560.5	554.0	555.1	+2.6
760.0	541.0	Sep	568.0	568.0	566.5	563.6	+2.9
742.0	552.5	Dec	575.0	580.0	575.0	575.3	+3.0
688.0	596.0	Jan				578.8	+3.3
665.0	565.0	Mar	589.5	590.0	589.0	587.3	+3.4
647.0	573.0	May				595.1	+3.4
667.5	583.0	Jul				603.4	+3.6
654.0	590.0	Sep				612.2	+3.6
Est. Sales 18,000		Prev. Sales 10,950					
Prev. Day Open Int. 94,948 up 49							
PLATINUM (NYME) 50 troy oz.- dollars per troy oz.							
601.50	464.50	Jan	500.00	502.50	499.00	500.50	+4.40
557.50	473.00	Apr	509.00	514.60	506.00	507.50	+3.90
556.00	477.00	Jul	515.50	521.00	515.50	514.20	+4.00
560.50	483.50	Oct	525.00	527.00	521.00	521.50	+3.80
537.00	491.90	Jan				529.00	+3.90
Est. Sales		Prev. Sales 2,101					
Prev. Day Open Int. 19,729 off 234							
PALLADIUM (NYME) 100 troy oz- dollars per oz							
176.00	123.00	Mar	138.00	139.00	138.00	138.30	+1.05
175.00	133.00	Jun	139.50	139.50	139.00	139.05	+1.00
149.50	133.00	Sep	140.50	140.50	140.50	140.05	+1.00
147.00	138.25	Dec				140.90	+1.00
141.00	141.00	Mar				141.65	+1.00
Est. Sales		Prev. Sales 154					
Prev. Day Open Int. 6,306 up 13							
GOLD (COMEX) 100 troy oz.- dollars per troy oz.							
418.00	378.00	Jan				413.20	—.80
516.00	364.70	Feb	417.20	419.80	414.00	414.70	—.70
417.80	397.00	Mar	420.50	420.50	420.50	417.20	—.80
525.00	370.00	Apr	422.00	424.30	419.00	420.10	—.80
497.00	372.90	Jun	427.30	430.80	424.00	425.10	—.80
487.00	380.00	Aug	432.50	433.00	432.00	429.80	—.70
472.00	384.50	Oct	436.20	437.20	437.20	434.70	—.70
455.50	387.50	Dec	443.00	444.40	439.50	439.70	—.70
454.50	394.80	Feb	449.00	449.00	448.10	444.90	—.70
460.00	398.90	Apr				449.90	—.70
463.00	402.60	Jun	458.00	458.00	458.00	455.20	—.60
468.00	389.30	Aug	460.60	460.60	460.60	460.50	—.60
475.00	450.00	Oct				465.90	—.60
Est. Sales 80,000		Prev. Sales 47,484					
Prev. Day Open Int. 156,480 up 1,831							

Financial

Season High	Season Low		Open	High	Low	Close	Chg.
US T. BILLS (IMM) $1 million- pts of 100 pct.							
93.60	90.75	Mar	93.00	93.14	92.97	93.09	+.04
93.65	91.10	Jun	93.18	93.29	93.16	93.24	+.02
93.45	91.28	Sep	93.22	93.22	93.17	93.21	
93.32	92.93	Dec	92.97	92.97	92.97	93.01	+.01
93.20	92.85	Mar	92.92	92.97	92.97	92.90	+.01
Est. Sales 13,366		Prev. Sales 5,846					
Prev. Day Open Int. 40,533 up 310							
10 YR. TREASURY (CBT) $100,000 prin- pts & 32nds of 100 pct							
101-7	95-17	Mar	99-5	99-5	98-21	98-30	—9
101-6	97-28	Jun	98-26	99	98-21	98-27	—9
100-14	99-2	Sep				98-24	—9
Est. Sales		Prev. Sales 19,972					
Prev. Day Open Int. 48,539 up 968							
US TREASURY BONDS (CBT) (8 pct-$100,000-pts & 32nds of 100 pct)							
101-4	72-1	Mar	97-6	97-16	96-24	97	—18
100-15	75	Jun	97-11	97-11	96-21	96-28	—18
100-4	79-1	Sep	97-6	97-6	96-15	96-21	—19
99-24	80	Dec	96-19	96-28	96-8	96-11	—21
99-12	79-21	Mar	96-19	96-19	95-28	96	—22
99-4	82-18	Jun	95-31	95-31	95-21	95-20	—25
99-5	86-4	Sep	96-1	96-1	95-10	95-10	—27
98-28	88-18	Dec				95-1	—29
98-13	94-4	Mar				94-24	—31
97-19	97-19	Jun				94-16	—1
		Sep				94-8	—11
Est. Sales		Prev. Sales 151,260					
Prev. Day Open Int. 307,528 off 3,469							
MUNICIPAL BONDS (CBT) $1000x Index-pts & 32nds of 100 pct							
95-23	85-19	Mar	93-2	93-11	92-23	93	—12
95-13	87-2	Jun	93-9	93-19	93-4	93-10	—11
95-11	90-18	Sep				92-20	—11
Est. Sales		Prev. Sales 2,718					
Prev. Day Open Int. 13,390 up 194							
EURODOLLARS (IMM) $1 million-pts of 100 pct.							
92.46	88.90	Mar	91.92	92.03	91.86	91.98	+.02
92.45	88.82	Jun	91.99	92.09	91.94	92.03	
92.39	88.74	Sep	91.91	92.00	91.86	91.94	—.01
92.15	89.85	Dec	91.66	91.72	91.62	91.67	—.02
92.01	89.86	Mar	91.56	91.62	91.52	91.58	—.02
91.85	89.91	Jun	91.46	91.52	91.45	91.48	—.02
91.53	90.04	Sep	91.42	91.48	91.41	91.43	—.02
91.78	90.04	Dec	91.26	91.41	91.35	91.35	—.04
91.82	90.09	Mar	91.39	91.43	91.37	91.38	—.05
91.76	90.88	Jun	91.34	91.39	91.33	91.34	—.05
91.72	90.88	Sep	91.29	91.32	91.28	91.29	—.05
91.53	90.87	Dec	91.20	91.23	91.18	91.20	—.06
91.45	90.92	Mar	91.23	91.26	91.21	91.22	—.06
91.51	90.90	Jun	91.19	91.21	91.17	91.18	—.06
91.47	90.90	Sep	91.15	91.17	91.13	91.13	—.07
91.37	91.10	Dec	91.10	91.12	91.06	91.08	—.07
Est. Sales 222,022		Prev. Sales 90,348					
Prev. Day Open Int. 625,947 up 1,577							
BRITISH POUND (IMM) $ per pound- 1 point equals $0.0001							
1.6464	1.4600	Mar	1.6444	1.6538	1.6428	1.6456	+56
1.6759	1.4400	Jun	1.6172	1.6246	1.6170	1.6190	+56
1.7700	1.5290	Sep	1.5990	1.5990	1.5958	1.5962	+56
Est. Sales		Prev. Sales 5,674					
Prev. Day Open Int. 23,773 off 39							
CANADIAN DOLLAR (IMM) $ per dlr- 1 point equals $0.0001							
.8586	.7890	Mar	.8583	.8595	.8582	.8583	[illegible]
.8517	.8083	Jun	.8517	.8521	.8514	.8512	[illegible]
.8460	.8107	Sep	.8460	.8468	.8460	.8451	[illegible]
.8412	.8130	Dec	.8420	.8420	.8410	.8400	[illegible]
.8365	.8168	Mar	.8364	.8364	.8364	.8349	[illegible]
Est. Sales		Prev. Sales 3,773					
Prev. Day Open Int. 25,476 off 116							
FRENCH FRANC (IMM) $ per franc- 1 point equals $0.00001							
		Mar				.16780	
Est. Sales		Prev. Sales					
Prev. Day Open Int.							
GERMAN MARK (IMM) $ per mark- 1 point equals $0.0001							
.6012	.5000	Mar	.5942	.5990	.5925	.5940	—12
.6007	.5057	Jun	.5924	.5985	.5927	.5934	—12
.5980	.5525	Sep	.5964	.5964	.5940	.5928	—13
.5964	.5769	Dec				.5926	—13
.5940	.5915	Mar				.5929	—12
Est. Sales		Prev. Sales 37,326					
Prev. Day Open Int. 64,524 off 1,563							
JAPANESE YEN (IMM) $ per yen- 1 point equals $0.000001							
.008335	.006780	Mar	.006888	.006927	.006872	.006873	—22
.007520	.006850	Jun	.006904	.006907	.006887	.006889	—22
.007390	.006890	Sep				.006907	—24
.007040	.006920	Dec				.006953	
Est. Sales		Prev. Sales 19,187					
Prev. Day Open Int. 57,353 off 677							
SWISS FRANC (IMM) $ per franc- 1 point equals $0.0001							
.6644	.5740	Mar	.6655	.6709	.6630	.6660	+37
.6632	.5850	Jun	.6640	.6694	.6638	.6645	+32
.6620	.6050	Sep				.6635	+29
.6592	.5600	Dec				.6630	+36
.6543	.6540	Mar				.6625	+35
Est. Sales		Prev. Sales 31,145					
Prev. Day Open Int. 38,926 up 2,598							

Industrials

Season High	Season Low		Open	High	Low	Close	Chg.
LUMBER (CME) 150,000 bd. ft.- $ per 1,000 bd. ft.							
200.50	181.20	Jan	199.70	202.40	197.30	202.90	+2.50
197.30	185.00	Mar	196.50	197.20	195.50	196.40	—.70
198.40	188.00	May	197.90	198.40	196.50	197.38	—.90
199.10	177.50	Jul	199.00	199.60	197.40	198.00	—.60
199.40	192.00	Sep	199.00	199.40	198.80	199.10	—.30
200.00	189.90	Nov	195.50	195.50	195.00	195.50	—.50
198.40	186.30	Jan				198.00	
Est. Sales 1,031		Prev. Sales 1,710					
Prev. Day Open Int. 6,068 off 176							
COTTON 2 (NYCE) 50,000 lbs.- cents per lb.							
78.40	52.60	Mar	65.60	68.30	65.25	66.15	—.50
78.85	55.90	May	66.55	69.00	66.35	67.24	—.46
78.70	63.70	Jul	66.60	69.05	66.32	67.55	—.30
72.20	63.95	Oct	64.90	65.74	64.80	65.47	—.08
69.30	62.80	Dec	63.80	65.15	63.80	64.12	—.08
68.45	63.82	Mar				64.90	—.05
64.80	64.40	May				65.45	—.05
Est. Sales 12,800		Prev. Sales 5,533					
Prev. Day Open Int. 40,251 off 245							
HEATING OIL (NYME) 42,000 gal- cents per gal							
78.50	48.00	Feb	69.80	70.68	68.70	70.00	+.68
67.50	46.40	Mar	63.80	64.00	62.10	62.60	—.42
62.50	45.00	Apr	59.20	59.20	57.90	58.70	—.38
59.50	44.50	May	56.85	56.85	55.85	56.70	—.38
57.90	44.90	Jun	55.50	55.50	54.30	54.65	—.48
57.20	46.80	Jul	54.75	54.75	53.95	54.60	—.08
57.40	47.80	Aug	55.25	55.25	54.42	54.90	—.33
Est. Sales		Prev. Sales 25,863					
Prev. Day Open Int. 84,375 off 3,422							
CRUDE OIL (NYME) 1,000 bbl.- dollars per bbl.							
23.92	15.74	Feb	23.20	23.44	23.04	23.14	—.07
23.18	16.10	Mar	22.20	22.40	21.96	22.10	—.07
22.58	14.30	Apr	21.65	21.73	21.36	21.53	—.14
22.15	14.20	May	21.19	21.35	20.80	21.02	—.07
21.74	14.50	Jun	20.77	20.80	20.49	20.48	—.08
21.40	14.60	Jul	20.20	20.40	20.11	20.30	—.08
21.05	14.30	Aug	20.10	20.10	19.80	20.00	—.08
20.86	14.50	Sep	19.88	19.88	19.82	19.75	—.09
20.55	14.50	Oct	19.70	19.70	19.55	19.55	—.11
20.46	17.30	Nov	19.35	19.57	19.35	19.40	—.12
20.50	12.80	Dec	19.45	19.49	19.22	19.30	—.15
20.43	17.87	Jan	19.25	19.35	19.18	19.19	—.02
20.08	18.15	Feb	19.28	19.28	19.27	19.27	—.03
19.95	18.54	Mar	19.22	19.22	19.22	19.22	—.03
20.13	18.83	Apr	19.24	19.24	19.15	19.15	—.03
19.10	17.08	Jul	19.10	19.10	19.10	19.10	+.01
Est. Sales		Prev. Sales 73,444					
Prev. Day Open Int. 74,798 off 3,525							

Stock Indexes

Season High	Season Low		Open	High	Low	Close	Chg.
SP COMP. INDEX (CME) points and cents							
369.05	325.80	Mar	348.00	348.00	339.85	340.95	—10.90
373.20	332.85	Jun	351.80	351.90	343.95	344.85	—11.10
372.50	345.40	Sep	355.00	355.00	347.90	348.80	—11.10
Est. Sales		Prev. Sales 40,225					
Prev. Day Open Int. 108,727 off 39							
VALUE LINE (KCBT) points and cents							
314.80	280.65	Mar	289.00	289.00	279.20	279.90	—12.30
317.30	289.00	Jun				284.40	—12.30
		Sep				288.95	—12.30
		Dec				293.40	—12.30
Est. Sales		Prev. Sales 55					
Prev. Day Open Int. 1,217 off 157							
NYSE COMP. INDEX (NYFE) points and cents							
204.20	170.20	Mar	192.00	192.00	187.30	188.35	—6.95
205.45	179.80	Jun	193.25	193.65	189.90	190.25	—4.20
239.00	190.80	Sep	195.85	195.85	194.65	194.65	—3.90
Est. Sales		Prev. Sales 4,784					
Prev. Day Open Int. 6,416 off 285							

Commodity Indexes

	Close	Previous
Moody's	1,076.00 f	1,075.70 f
Reuters	1,808.60	1,811.00
D.J. Futures	130.48	131.44
Com. Research	233.90	235.05

Moody's : base 100 : Dec. 31, 1931.
p - preliminary; f - final
Reuters : base 100 : Sep. 18, 1931
Dow Jones : base 100 : Dec. 31, 1974.

WORLD STOCK MARKETS

Agence France Presse Jan. 12

Amsterdam

	Close	Prev.
ABN Bank	39.80	40.40
ACF Holding	38.80	39
Aegon	114	116
Ahold	120	122
Akzo	133.20	137.80
AMEV	60.30	62.60
A'Dam Rubber	5.70	5.80
Amro Bank	78.30	80.70
Bols	173	175
Buhrmann Tett	62	65.20
BVG	27.50	28
Center Parcs	59.30	60.10
CSM	76.80	78.30
DAF	37.20	38.50
DSM	118.50	120.50
Elsevier	81.30	83.90
Fokker	38.50	41
Gist-Brocades	28.70	30.10
Heineken	124.20	128.50
Hoogovens	76.20	78.90
Hunter Douglas	104	106.50
IHC Caland	36.70	36.80
Inter Mueller	103	104.50
KLM	45.30	47.70
KNP	49.20	51
Nat Neder	73.20	75
Nedlloyd	88.10	90.10
NMB Bank	49.70	50.90
Oce Grinten	286	282
Pakhoed	154.50	157
Philips	44.90	46.10
Robeco	105	107.20
Rodamco	78	78.30
Rolinco	102.80	106.20
Rorento	58.80	58.90
Royal Dutch	140	142
Unilever	156	159
Van Ommeren	35	35.20
VMF Stork	47.30	47.60
VNU	110.20	111.80
Wessanen	64.70	65.80
Wolters/Kluwer	45.10	45.80

CBS Gen'l Trend Index : 115.70
Previous : 118.70

Brussels

	Close	Prev.
Arbed	5350	5480
Bekaert	16850	16400
Cockerill	198	200
Cobepa	5950	5910
Delhaize	5940	5910
EBES	4540	4560
GB-Inno-BM	1400	1404
GBL	4595	4620
Gevaert	8420	8550
Hoboken	29700	20850
Intercom	3680	3685
Kredietbank	4580	4480
Petrofina	12275	12550
Royal Belge	6850	6750
Soc Gen Banque	5800	5760
Sofina	14500	14525
Solvay	14875	14975
Tractebel	9500	9470
UCB	19700	20250
Unerg Ps	2580	2600

Current Stock Index : 6597.43
Previous : 6577.80

Frankfurt

	Close	Prev.
AEG	321	318
Allianz Hold	2680	2698
Altana	418	416.30
Asko	826	841
BASF	309.80	308
Bayer	257	320
Bay. Hypo bank	439	437
Bay Vereinsbk	257	415
BBC	590	583
BHF Bank	460	465
BMW	546	544.50
Commerzbank	310	308.50
Continental	325.70	317.50
Daimler Benz	874	862
Degussa	508	508.50
Dt Babcock	226	229.50
Deutsche Bank	849.80	855.50
Douglas	853	845.50
Dresdner Bank	437	439.40
Feldmuehle	578	525
Harpener	480	480
Henkel	578.50	578
Hochtief	1002	1019
Hoechst	300	297.90
Hoesch	295	297
Holzmann	1270	1250
Horten	355	360
IWKA	383	383
Kali Salz	208.50	206
Karstadt	682	687
Kaufhof	705	710
KHD	258.50	259.20
Kloeckner Werke	238.50	233
Krupp Stahl	244	240
Linde	890	884
Lufthansa	217	214
MAN	490	499.50
Mannesmann	363.50	364.50
Metallgesell	471	434.90
Muench Rueck	2590	2600
Nixdorf	324	325
PKI	575	573.30
Porsche	964	987
Preussag	394	414
PWA	332.20	323
RWE	443.50	449.50
Rheinmetall	360	340
Schering	826	825.50
SEL	398.80	397.80
Siemens	734.50	738.50
Thyssen	288.50	271.50
Varta	438	443
Veba	419.50	415.50
VEW	209	209
Viag	389.80	385.50
Volkswagen	589.80	559
Wella	685.50	677

DAX Index : 1855.66
Previous : 1854.83
FAZ Index : 770.71
Previous : 768.50

Helsinki

	Close	Prev.
Amer A	150	148
Enso-Gutzeit	38	38.10
K.O.P.	47	49
Kymmene	99.80	99.50
Nokia	182	181
Pohjola	200	210
Stockmann	220	205
United Papers	117	117
Wartsila	440	440

Unitas Index : 626.70
Previous : 628.89

Hong Kong

	Close	Prev.
Bk East Asia	18	18
Cathay Pacific	8.20	8.25
Cavendish Intl	3.25	3.25
Cheung Kong	9.80	9.80
China Light Pwr	12.10	12.30
Dairy Farm Intl	8.30	8.40
Hang Lung Dev	4.87	4.95
Hang Seng Bank	24.40	24.40
Henderson Land	6.25	6.35
HK Air Eng.	20.70	21.30
HK China Gas	20.90	21
HK Electric	8	8.10
HK Land	8.05	8.05
HK Realty Trust	4.55	4.57
HK Shang Bank	7.30	7.35
HK Shang Hlts	4.60	4.70
HK Telecomm	5.45	5.45
HK Ferry	5.20	5.30
Hutch Whampoa	8.50	8.60
Hysan Dev	1.22	1.24
Jardine Math.	23.90	24.10
Jardine Str Hld	14.30	14.60
Kowloon Motor	7	7.05
Mandarin Orient	4.72	4.75
Miramar Hotel	[illegible]	[illegible]
New World Dev	10.50	10.50
SHK Props	12.80	13
Stelux	2.75	2.70
Swire Pac A	15.80	15.80
Tai Cheung Prps	3.82	3.92
TVE	0.84	0.86
Wharf Hold	7.20	7.25
Wing On Co	7.10	7.15
Winsor Ind.	7.55	7.60
World Intl	3.42	3.45

Hang Seng Index : 2835.94
Previous : 2858.52

Johannesburg

	Close	Prev.
AECI	1825	1800
Altech	8250	8250
Anglo Amer Corp	13080	12950
Barlows	4825	4800
Blyvoor	1250	1275
Buffels	7200	7200
GFSA	10500	10900
Harmony	3425	3375
Highveld Steel	1550	N.Q.
Kloof	4600	4400
Nedbank Grp	1220	N.Q.
Rusplat	8775	8850
SA Brews	3225	3225
St Helena	4700	4700
Sasol	1390	1400
Welkom	3325	3250
Western Deep	19000	19100

Composite Stock Index : 2294
Previous : 2294

London

	Close	Prev.
Allied Lyons	5.09	5.28
Anglo Am Gld	41.87	41.87
AA Corp	22.47	22.25
Asda-MFI Gp	1.18	1.21
Ass Brit Foods	4.13	4.28
Barclays	5.48	5.47
Bass	10.50	10.52
B.A.T.	8.25	8.37
Blue Circle	2.57	2.54
BOC Group	5.50	5.56
Boots	2.74	2.77
Bowater	4.58	4.67
BAe	5.67	5.72
BAA	3.79	3.79
Brit Airways	2.23	2.30
British Gas	2.26	2.25
BP	3.30	3.36
British Steel	1.36	1.39
Brit Telecom	3	3.04
BTR	4.52	4.59
Burmah Oil	6.60	6.63
Cable Wire	5.43	5.44
Cadbury Sch	3.48	3.43
Charter Cons	4.55	4.69
Comm Union	4.98	4.97
Cookson	2.80	2.90
Courtaulds	3.95	3.98
Dalgety	3.98	3.95
De Beers	18.37	18.25
Dixons	1.35	1.34
Driefontein	14.37	14.12
Eurotunnel	4.53	4.40
Fisons	3.36	3.37
Gen Acc F	11.47	11.54
GEC	2.32	2.38
GKN	4.32	4.41
Glaxo	7.75	8
Grand Met	6.30	6.48
Gt Univ Stores	14.50	14.65
GRE	2.44	2.47
Guinness	6.58	6.70
Hanson Tr	2.33	2.38
Hawker Sidd	6.96	7.06
ICI	11.49	11.85
Kingfisher	2.95	3
Land Sec	5.20	5.27
Legal Gen Grp	4.15	4.20
Lloyds Bank	4.42	4.50
Lonrho	2.78	2.74
Lucas Ind	6.58	6.60
Marks Sp	2.01	2.05
Maxwell	2.22	2.23
MB Group	2.18	2.24
Midland Bk	3.62	3.73
NatWest	3.46	3.47
Pearson Grp	7.35	7.47
P and O	6.42	6.43
Pilkington	2.33	2.38
Prudential	2.18	2.16
Racal Elec	2.33	2.40
Randfontein $	10.50	10.25
Rank Org	8.42	8.52
Reed Intl	4.50	4.57
Reuters	10.35	10.50
Rolls Royce	1.89	1.92
Royal Dutch	44.87	45.25
RTZ	5.90	5.95
Saatchi	2.57	2.64
Sainsbury	2.60	2.68
Sears Holds	1.07	1.10
Shell	4.59	4.65
Siebe	5.93	6.08
STC	2.48	2.77
Std Chart Bk	5.48	5.52
Storehouse	1.22	1.21
Sun Alliance	3.17	3.20
Tate and Lyle	3.83	3.98
Tesco	1.88	1.91
Thorn EMI	7.89	8.01
T.I. Group	4.37	4.41
Trafalgar Hse	3.60	3.66
THF	2.99	3.07
Ultramar	3.69	3.70
Unilever	6.80	6.95
Utd Biscuits	3.61	3.65
Vickers	2.09	2.16
Wellcome	7.58	7.67
Woolworth	43.20	63.25

F.T. 30 Index : 1907.10
Previous : 1946.50
F.T.S.E. 100 Index : 2380.10
Previous : 2417.30

Madrid

	Close	Prev.
Bco. Bilbao/Viz.	748	754
Banco Central	945	950
Bco Santander	733	740
Banesto	963	970
Dragados	N.Q.	—
Iberduero	N.Q.	—
Telefonica	N.Q.	—

S.E. General Index : 295.37
Previous : 296.16

Milan

	Close	Prev.
Banca Comm	5450	N.A.
Bastogi	370	373
Cigahotels	5500	5405
CIR	4860	4910
Cred Ital	2975	2978
Enimont	1645	1646
Eridania	8490	8415
Ferruzzi Fin.	3240	3217
Ferruzzi Agr.	2692	2673
Fiat SPA	11245	11260
Generali	41600	41800
IFI	26250	26280
Italcem	12900	13000
Italgas	3155	3112
Italmobiliare	20930	20760
Mediobanca	19650	18975
Montedison	2073	2040
NBA	2010	2018
Olivetti	7380	7380
Pirelli	3085	3100
RAS	27050	27300
Rinascente	8000	7710
Saipem	2950	2920
SIP	3590	3570
SME	4128	4211
Snia	3030	2985
Standa	34900	34350
Stet	5310	5257
Toro Assi Risp	21800	21900

a : x 100
MIB current index : 1030
Previous : 1031

Montreal

	Close	Prev.
Alcan Aluminum	26¼	27¼
Bank Montreal	30⅜	30⅜
Bell Canada	44⅞	45
Bombardier A	16⅛	16⅜
Bombardier B	15⅝	16⅛
Cambior	15⅝	16⅛
Cascades	5	5⅛
CB Pak	N.Q.	—
Dominion Text A	15⅛	15⅛
Donohue	10⅛	N.Q.
MacMillan Bl	17⅛	18⅛
Memotec	10⅜	10⅜
Natl Bk Canada	11⅜	11⅛
Noverco	11⅜	11⅜
Power Corp	15⅝	15⅝
Provigo	9⅝	10
Quebec Tel	15⅝	15⅝
Quebecor A	14½	15
Quebecor B	13⅝	13⅝
Videotron	14⅛	14⅜

Industrials Index : 1618.62
Previous : 1631.74

Paris

	Close	Prev.
Accor	878	889
Air Liquide	673	682
Avions Dassault	695	693
Bancaire (Cie)	631	635
BIC	780	780
Bongrain	3300	3315
Bouygues	672	636
BSN-GD	740	748
Carrefour	3605	3630
Cerus	445	457.70
C.G.E.	526	543
Chargeurs	Susp.	1230
Club Med	736	710
Dumez	885	897
Elf-Aquitaine	546	552
Europe 1	1070	1072
Gen. Eaux	2298	2341
Hachette	400	408
Havas	1497	1425
Imetal	315.10	324.50
Lafarge Coppee	395.40	391.40
Legrand	3369	3600
Oreal (L')	4850	4916
L.V.M.H.	5090	5220
Matra	273	286.50
Merlin Gerin	4980	4951
Michelin	170	176.10
Moulinex	129.10	144.20
Occidentale	773	771
Paribas	667	680
Pernod-Ricard	1480	1504
Perrier	1816	1851
Peugeot	771	790
Printemps (Au)	734	749
Radiotechnique	600	591
Rest. St. Louis	1619	1615
Redoute (La)	3480	3561
Roussel Uclaf	2220	2222
Saint Gobain	647	666
Sanofi	1082	1124
Skis Rossignol	1044	1044
Societ. Generale	518	524
Suez	469	475.60
Telemecanique	4430	4471
Thomson-CSF	146.50	151.60
Total	555	566
Valeo	833	845

CAC 40 Index : 1948.65
Previous : 1992.89

Sao Paulo

	Close	Prev.
Banco do Brasil	10	10
Bradesco	0.98	0.98
Brahma	0.83	0.86
Paranapanema	0.38	0.39
Petrobras	45.20	47
Vale Rio Doce	137	139
Varig	9.65	9.30

Bovespa Index : 8779
Previous : 8891

Singapore

	Close	Prev.
Cerebos	6.10	6.15
City Dev.	3.82	3.88
DBS	12	12.20
Fraser Neave	9.55	9.60
Genting	9	8.95
Harrisons Plant	1.78	1.77
Haw Par	3.06	3.08
Hume	3.32	3.30
Inchcape	5.95	5.85
Keppel	7.05	7
KL Kepong	3.36	3.40
Lum Chang	1.86	1.86
Malayan Banks	9.15	9.30
OCBC	9.75	9.80
OUB	4.64	4.74
OUE	9.20	9.20
Sembawang	N.Q.	—
Shangrila	9.95	9.90
Sime Darby	3.24	3.28
SIA	14.90	14.90
S'pore Land	13.70	14
S'pore Press	8.40	8.55
Sing Steamship	3.48	3.50
Straits Trading	3.82	3.86
UOB	6	6
United Overseas	2.29	2.25

Straits Times Ind. : 1539.17
Previous : 1564.87

Stockholm

	Close	Prev.
AGA	270	270
Alfa Laval	256	250
Asea	735	740
Astra-A	418	418
Atlas Copco	318	320
Electrolux B	305	311
Ericsson	929	930
Esselte-A	225	225
Handelsbanken	121	120
Pharmacia-A	224	224
Norsk Hydro	170	175
Saab-Scania	N.Q.	—
Sandvik	326	330
SCA-A	143	146
S-E. Banken	88	89
Skandia Intl-A	250	250
Skanska	593	595
SKF	168	169
Stora	340	333
Volvo	452	451

Affaersvaerlden : 1267.00
Previous : 1263.26

Sydney

	Close	Prev.
ANZ	6.10	6.02
BHP	9.98	9.90
Bond	N.Q.	—
Boral	3.95	3.90
Bougainville	1.45	1.30
Coles Myer	8.40	8.46
Comalco	4.25	4.18
CRA	12.50	12.40
CSR	5.46	5.58
Dunlop	5.34	5.28
Elders IXL	2.33	2.30
ICI Australia	6.22	6.16
Magellan	1.65	1.65
MIM	2.50	2.40
Nat Aust Bank	6.76	6.72
News Corp	14.35	14.20
N Broken Hill	2.97	2.85
Poseidon	2.93	2.89
QCT Resources	1.58	1.59
Santos	4.20	4.16
TNT	2.87	2.83
Western Mining	6.62	6.44
Westpac Banking	5.76	5.58
Woodside	3.20	3.19

All ordinaries Index : 1713.70
Previous : 1695.50

Tokyo

	Close	Prev.
Akai Electr	948	950
Asahi Chemical	1200	1210
Asahi Glass	2300	2340
Bank of Tokyo	1900	1930
Bridgestone	1700	1730
Canon	1850	1870
Casio	1580	1560
C. Itoh	1200	1210
Dai Nippon Print	2360	2380
Daiwa House	2610	2640
Daiwa Securities	2170	2150
Fanuc	8300	8380
Fuji Bank	3440	3440
Fuji Photo	4510	4620
Fujitsu	1540	1550
Hitachi	1500	1530
Hitachi Cable	1280	1290
Honda	1820	1830
Ito Yokado	4390	4410
Japan Air Lines	18000	18200
Kajima	2100	2140
Kansai Power	4720	4780
Kawasaki Steel	780	800
Kirin Brewery	1980	2000
Komatsu	1270	1310
Kubota	1150	1220
Kyocera	6090	6120
Matsu Elec Inds	2350	2360
Matsu Elec Wks	2150	2150
Mitsubishi Bk	3030	3080
Mitsubishi Kasei	1070	1020
Mitsubishi Elec	1070	1100
Mitsubishi Hev	1110	1110
Mitsubishi Corp	1830	1870
Mitsui and Co	1300	1320
Mitsukoshi	2520	2570
Mitsumi	1150	1200
NEC	1860	1900
NGK Insulators	1680	1770
Nikko Securities	1810	1780
Nippon Kogaku	1610	1610
Nippon Oil	1720	1800
Nippon Steel	758	764
Nippon Yusen	1130	1150
Nissan	1440	1440
Nomura Sec	3230	3270
NTT (SF)	14511	14955
Olympus Optical	1490	1440
Pioneer	6140	6110
Ricoh	1290	1300
Sanyo Elec	1010	1040
Sharp	1870	1860
Shimazu	1440	1460
Shinetsu Chem	1820	1860
Sony	8550	8650
Sumitomo Bk	3480	3500
Sumitomo Chem	899	913
Sumi Marine	1460	1470
Sumitomo Metal	820	830
Taisei Corp	1510	1535
Taisho Marine	1480	1490
Takeda Chem	2390	2400
TDK	5900	6050
Teijin	955	970
Tokyo Marine	2040	2060
Tokyo Elec Pw	5860	5990
Toppan Printing	2210	2230
Toray Ind.	996	1020
Toshiba	1180	1220
Toyota	2560	2580
Yamaichi Sec	1600	1780

Nikkei 225 : 37516
Previous : 38170
New Index : 2786
Previous : 2814

Toronto

	Close	Prev.
Abitibi Price	13	13⅛
Agnico Eagle	10⅛	10⅛
Air Canada	11⅛	11⅛
Alberta Energy	19⅝	19¼
Am Barrick Res	30	29⅝
BCE	31¼	31⅜
BCED	1.30	1.30
Bk Nova Scotia	15	15¼
BC Gas	43⅛	43½
BC Phone	18⅝	18¼
BP Canada	20	20½
Bramalea	21⅜	21⅜
Brunswick	11⅛	11⅛
CAE	8½	8½
Campeau	5⅛	5¼
CIBC	N.Q.	[illegible]
Canadian Pacific	25⅝	25⅛
Can Packers	17⅛	17⅛
Can Tire A	23⅛	23½
Cantor	26⅛	26¾
Cara	18	18½
CCL Ind B	9⅞	9⅞
Cineplex	8	8⅛
Cominco	26⅜	27⅛
Conwest Expl A	14⅛	14⅛
Corona A	11	11⅛
Denison Mn B	4.60	4.60
Dickenson Mn A	6½	6½
Dofasco	23½	23⅝
Dylex A	N.Q.	—
Echo Bay Mines	22⅝	23⅛
Equity Silver A	4.20	1.40
FCA Intl	10⅛	[illegible]
Fed Ind A	13	13⅛
Fletcher Chall A	15⅛	15⅛
FPI	6⅝	6⅝
GoldCorp	5⅛	5⅞
Grafton Group	N.Q.	—
Gulf Cda Res	14⅝	15
Hees Intl	29⅝	29⅝
Hemlo Gld Mines	19⅝	19⅝
Hollinger	11⅛	12
Horsham	11⅜	11⅜
Hudson Bay	8⅛	8⅛
Imasco	36⅛	37
Inco	29⅝	29⅝
Interhome	44⅛	44⅛
Jannock	19½	19½
Labatt	24⅛	24⅛
Loblaw Co	15½	15⅝
Mackenzie	8⅛	8⅛
Magna Intl A	8	8⅛
Maritime	18⅛	18⅛
Mark Res	10⅛	10⅛
MacLean Hunt X	17⅛	18⅛
Molson A	29	28⅝
Noma Ind A	N.Q.	—
Noranda	21	22⅝
Norcen Energy	26	26⅛
Nova Corp	7⅝	8
Oshawa	22	22½
Pancan A	8⅝	8⅝
Placer Dome	23⅜	24
Poco Petroleum	8⅝	8⅝
PWA Corp	14⅛	14⅜
Quebec Sturgeon	1.30	1.20
Rayrock	10⅛	10⅛
Renaissance	24½	24⅛
Rogers B	102⅛	106⅛
Rothmans	N.Q.	48⅛
Royal Bank Can	48⅛	49⅛
Royal TrustCo	17⅛	17½
Sceptre Res	4.80	4.85
Scott's Hosp	N.Q.	14⅛
Seagram	102⅛	105
Sears Can	12	12⅛
Shell Can	41⅛	41⅛
Sherritt Gordon	9⅞	10
SHL Systemhse	10⅛	10⅜
Southam	31⅛	32⅛
Spar Aerospace	8⅜	8⅜
Stelco A	20⅛	20⅛
Teck B	27⅛	27⅛
Thomson News	15⅛	16
Toronto Domn	N.Q.	22⅛
Torstar B	34⅛	34⅛
Transalta Util	14	14
TransCda Pipe	17⅛	17⅛
Trilon Finl A	20⅛	20⅛
Trimac	7	7
Trizec A	23	24
Turbo Resources	0.47	0½
Unicorp A	4.90	4¾
Woodward's Ltd	2⅝	2.20

TSE 300 Index : 3904.20
Previous : 3940.80

Zurich

	Close	Prev.
Adia Intl	1920	1975
Alusuisse	1400	1403
Bank Leu	3275	3290
Brown Boveri	5420	5420
Ciba Geigy	3790	3820
CS Holding	2610	2650
Elektrow	3090	3155
Fischer	1990	2005
Interdiscount	4375	4275
Jacobs Suchard	7000	7060
Jelmoli	2300	2300
Landis Gyr	1565	1575
Moevenpick	5250	5305
Nestle	9180	9240
Oerlikon-B	895	865
Pargesa Hld	1710	1770
Roche Holding B	3740	3770
Sandoz	2065	2050
Schindler	5540	5575
Sulzer	575	580
Surveillance	4430	4505
Swissair	1230	1225
SBC	339	344
Swiss Reinsur	620	635
Swiss Volksbank	1800	N.Q.
Union Bank	4120	4110
Winterthur	4500	4550
Zurich Ins	2020	2050

SBS Index : 678.40
Previous : 674.00

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Berlusconi Snares Mondadori Parent

Compiled by Our Staff From Dispatches

ROME — Silvio Berlusconi, the private-television entrepreneur, won a significant victory over Carlo De Benedetti in the battle for control of Italy's biggest publishing company, Arnoldo Mondadori Editore SpA.

During a dramatic meeting that lasted throughout Thursday night, a new alliance between Mr. Berlusconi and the Mondadori family took control of the syndicate controlling AME Finanziaria SpA. AMEF holds 50.3 percent of Mondadori's common shares.

The turning point came when AMEF's chairman, Mr. De Benedetti's ally Alberto Manzella, tried to postpone the meeting to Friday at the request of the De Benedetti camp. After he was rebuffed by the Berlusconi faction, he resigned and was replaced by Leonardo Mondadori.

The offensive — unparalleled in Italy, where takeover battles are still a rarity — is just one more turn in a jungle of legal conflicts between the two groups.

Firm control of the AMEF syndicate is important since it will play a pivotal role in deciding not only the composition of the new AMEF board at a shareholders meeting on Monday but also that of the new Mondadori board.

AMEF's 50.3 percent Mondadori stake also gives it the majority at the common shareholders meeting called to appoint a new board at the publisher on Jan. 25.

However, the battle is not over, because of the legal challenges already begun by the De Benedetti camp.

Mr. De Benedetti's holding company, *Compagnie Industriali Riunite SpA*, owns more than 70 percent of Mondadori preferred shares and 20 percent of the common stock.

The boardroom move followed a ruling in Milan earlier Thursday, which said that a 25.7 percent block of shares in AMEF held by the Formenton family, and sequestered by a Milan court last month, should not count toward a quorum in the AMEF syndicate.

That decision meant that the shares, over which the family has temporarily lost voting control, did not dilute its majority in the syndicate, allowing Thursday's meeting to go ahead even after CIR representatives had opposed it.

(AFP, Reuters)

Scale Purchase Aids Ciba Sales In 17% Growth

Compiled by Our Staff From Dispatches

BASEL, Switzerland — Ciba-Geigy AG, the big Swiss chemicals company, said Thursday its sales rose 16.7 percent last year, with the best gain in its electronics division.

Sales rose to 20.60 billion Swiss francs ($13.56 billion) last year from 17.65 billion francs in 1988. Measured in local currencies, sales rose 11 percent. The company plans to announce its profit figure for last year at the end of February.

The electronic-systems unit registered the highest growth, with sales up 58.2 percent, at 1.74 billion Swiss francs, largely due to the acquisition of Toledo Scale Corp. of the United States.

Sales in the colorings and chemical-products unit rose 16.6 percent, to 3.02 billion francs. The pharmaceutical division increased revenue by 19.5 percent, to 6.18 billion francs, aided by the anti-rheumatic drug R-Voltaren in the United States.

(AFP, Reuters)

Weak Dollar Threatens Aerospatiale Earnings

Reuters

PARIS — The French state-owned aerospace and arms company Aerospatiale said Friday that orders rose strongly in 1989, but it warned that a weak dollar could depress earnings.

Largely because of a worldwide civil aviation boom, orders last year nearly doubled, to 66 billion French francs ($11.5 billion) from 38.4 billion francs in 1988, Chairman Henri Martre said.

He also said the company would be close to breakeven in 1989 after posting parent net profit of 93 million francs in 1988.

Mr. Martre said the rise in orders was mainly due to work from the Airbus consortium and the Franco-Italian joint venture to make ATR aircraft. Aerospatiale is part of the four-nation consortium Airbus Industrie, which also includes companies from West Germany, Britain and Spain.

The disclosure of Aerospatiale's increased orders on Friday came as a West German government official was quoted as saying that West Germany should be the location of a second assembly line for the Airbus planes. Currently, final assembly takes place only in Toulouse, France.

"A viable final assembly line must come to West Germany, whose 37.9 percent share in Airbus is as big financially as that of France," Erich Riedl, West Germany's aerospace policy coordinator, told the Frankfurter Allgemeine Zeitung newspaper.

Expanding on Aerospatiale's outlook, Mr. Martre said the company's results were distorted by the franc-dollar exchange rate. "The dollar is undervalued by about 20 percent," he said. "This is a handicap which weighs heavily on our results."

Mr. Martre also said 1989 revenue had advanced about 12.5 percent, to 31.5 billion francs.

The current strike at a British Aerospace PLC wing-making factory has severely slowed output of Airbus planes, Mr. Martre said, but he declined to estimate how much the delays would cost or say who would pay for them.

An Aerospatiale executive, who asked not to be identified, later said that if the strike, which began in November, lasted until the end of this month, it would cost all the Airbus partners an estimated $100 million.

Ferranti Hit By Loss, Will Launch Issue Of Shares

Compiled by Our Staff From Dispatches

LONDON — Ferranti International PLC, the troubled defense contractor that recently uncovered massive fraud at a U.S. subsidiary, reported Friday a pretax loss of £15.4 million ($25.5 million) in the first half of its financial year.

The loss for the six months ended Sept. 30, which compared with a profit of £16.6 million in the like period a year earlier, was higher than analysts expected, and Ferranti's share price dropped three pence, or 8 percent, to 34 pence in London Stock Exchange trading.

Ferranti also said it would go ahead with a one-for-one rights issue of new stock, raising £187.1 million to help cover write-offs related to the contract fraud, as it had been unable to find a buyer.

The company had been hoping to attract the purchase of at least a stake, with an injection of £150 million. British Aerospace PLC and Thomson-CSF of France at one point indicated a possible interest in a joint bid for Ferranti, but the contractor said Friday that a capital injection was "unlikely" by the February deadline.

Ferranti said its performance was adversely affected by high interest rates, the slack defense-equipment market, layoffs in Britain and development costs of new products.

Late last year, Ferranti said it would reduce its capital and reserves by £176.4 million as a result of its discovery of nonexistent contracts at International Signal & Control Ltd., a defense subsidiary based in Lancaster, Pennsylvania.

Ferranti is suing James Guerin, former chairman of International Signal, and others for £127 million in damages.

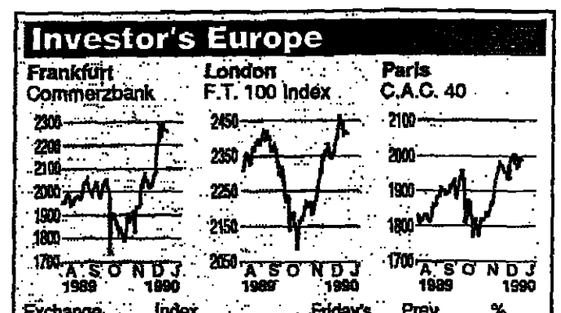
Thomson said in Paris that it was still studying various possibilities for expansion, including a bid for Ferranti.

John Chessher, an analyst with the Compagnie de Financière de Paribas in London, said Thomson might take a minority stake in Ferranti after the rights issue.

Since uncovering the contract fraud, Ferranti has worked out a series of emergency credit arrangements with its banks to maintain its cash flow.

Ferranti also said it is continuing to pursue the sale of up to £100 million in assets and to seek alliances with other defense contractors that would help it compete for defense programs in a shrinking market. *(AP, Reuters, AFP)*

Investor's Europe



Exchange	Index	Friday's Close	Prev. Close	% Change
Amsterdam	CBS General	115.70	118.70	-2.53
Brussels	Stock Index	6599.43	6577.00	+0.34
Frankfurt	Commerzbank	2286.20	2268.50	+0.78
Frankfurt	DAX	1855.66	1855.83	-0.01
Helsinki	UNITAS	626.10	626.00	+0.02
London	Financial Times 30	1909.10	1940.50	-1.62
London	FT-SE 100	2380.10	2417.90	-1.56
Madrid	General Index	295.27	296.16	-0.30
Milan	MIB	1030	1031	-0.10
Paris	CAC 40	1968.65	1992.89	-1.22
Stockholm	Affaersvaerlden	1267.00	1265.20	+0.14
Zurich	SBS	670.40	674.00	-0.53

Sources: Datastream, AFP International Herald Tribune

UTA: *Air France Plans Control*

(Continued from first finance page)

the French government in late 1988 denied UTA permission to fly from Paris to Newark. The European Commission has been conducting an antitrust investigation over France's denial of routes to UTA.

"There will clearly be some economies of scale for UTA and Air France," said Mr. Bergius.

UTA stock was trading at 2,770 francs on Thursday, before it was suspended pending the announcement. Air France said it would buy 930,000 shares, for 4,083 francs each, representing a premium of 47.4 percent. The deal values all of UTA at 6.96 billion francs.

In UTA, Air France — which by some measures is Europe's No. 2 airline behind British Airways — will be gaining control of a carrier that owns 19 aircraft and had a net profit in 1988 of 783 million francs on revenue of 6.1 billion francs.

As for Air Inter, it owns 53 aircraft and earned the equivalent of $26 million on revenue of $1.5 billion in 1988.

Under the accord, Air France has the right of first refusal to buy the other UTA shares owned by Chargeurs. The agreement still needs the approval of the boards of Air France and Chargeurs.

For the next 15 trading sessions on the Paris Bourse, minority UTA shareholders will be guaranteed the same buyout price of 4,083 francs per share as Air France is extending for its block of shares.

■ EC Action Is Possible

EC sources said the Commission's competition authorities would be taking a long and hard look at the UTA deal and could order changes in it if they found that it restricted competition, Reuters reported from Brussels. They said Commission officials were starting immediate discussions.

"We have known for a while that this was one possible scenario and it was a bad scenario," one source said.

The EC competition commissioner, Sir Leon Brittan, felt that the French government was in breach of competition rules by denying European routes to UTA, but the 17-member Commission had dragged its feet in taking a decision on the case, the sources noted.

Until EC-wide merger-control regulations come into force on Sept. 21, the commission can only order changes to deals once they have been completed.

"Obviously they couldn't tell people in advance that they were going to do this, but the speed with which they've done it, before the new merger rules come into force, is a bit worrying," one source said.

A spokesman for Sir Leon said the Commission would look at the link-up in terms of its effect on air-transport competition and not in light of the EC merger regulation, as was the case with Siemens AG's planned takeover of Nixdorf Computer AG.

"This is clearly a very major step in the structure of the air transport industry and we shall be looking at it very carefully," the spokesman said.

Electrolux Buys U.S. Garden Products Unit

Reuters

STOCKHOLM — Electrolux AB of Sweden announced Friday that it had acquired the garden-products business of Allegretti & Co. of the United States, which has annual sales of $70 million. It did not disclose the price.

An Electrolux statement said Allegretti was a leading U.S. manufacturer of portable electric garden products, such as blowers and grass trimmers. It gave no financial details.

The operations of California-based Allegretti would be coordinated with Electrolux's Louisiana-based subsidiary, Poulan/Weed Eater, the statement said.

Electrolux has boosted its earnings since 1987 in part through an acquisition drive, picking up U.S. and other assets. Much of its activity has targeted struggling companies that Eletrolux has turned around.

Parting of the Ways for Ammirati & Puris and Omnicom

By Randall Rothenberg
New York Times Service

NEW YORK — Omnicom Group and Ammirati & Puris have announced that Ammirati, the New York advertising agency known for its stylish promotions for BMW cars and Club Med resorts, is buying itself back from the conglomerate.

No terms were disclosed, but advertising industry analysts and executives expected the price to be close to $31.8 million. That would approximately equal the agency's annual revenue and the amount that Ammirati received when it sold itself in 1987 to Boase Massimi Pollitt Partnership, a British advertising company subsequently acquired by Omnicom.

"We ended up thinking we got a fair deal and they ended up with a fair price," Martin F. Puris, Ammirati's co-chairman and chief executive, said Thursday.

The buyback comes after eight month of negotiations It is the largest of a series of agency repurchases from Omnicom that have roughly coincided with the start of Bruce Crawford's tenure as chief executive of the holding company that owns BBDO Worldwide and DDB Needham Worldwide.

Mr. Crawford came to Omnicom a year ago, shortly after Waring & LaRosa bought itself back from the conglomerate and shortly before Ingalls, Quinn & Johnson, a Boston agency, did so.

Fred J. Meyer, Omnicom's chief financial officer, said Ammirati and Omnicom both felt that Ammirati would probably do better on its own than with a big group.

Ammirati's buyback ends a flirtation with outside ownership that started souring even before Boase Massimi Pollitt was bought by Omnicom. A little more than a year after it was bought by Boase, executives of Ammirati suggested a buyback. They said the structure of the acquisition, which included four years of payments based on profits, was preventing them from adequately compensating their employees in a time of tightening agency profit margins.

In June, Boase fought off a takeover bid by a French ad agency, Boulet Dru Dupuy Petit, by accepting a $202 million offer from Omnicom. But Omnicom's ownership placed Ammirati in danger of losing several important accounts because of conflicts of interest.

Ammirati's oldest and largest client is BMW, which came to the agency shortly after its birth 15 years ago as a $900,000 account and today bills more than $50 million annually. BMW conflicts with Volkswagen, a longstanding DDB Needham client. Ammirati is helping to introduce Next Inc.'s computer work station; BBDO is the agency for Apple Computer Inc.

GM Adopts New Program to Reduce Costs

The Associated Press

DETROIT — General Motors Corp. announced Friday a cost-cutting plan that included early retirement incentives, trimming advertising spending and hiring only recent college graduates to fill white-collar jobs.

The program, effective only in North America, has no target or deadline, said a spokesman, Terry Sullivan. It is separate from GM's "Action Plan" of 1987, which aims to slash up to $13 billion in costs by the end of this year.

"Because of the increasing competitive nature of the automotive industry, we are intensifying our cost-reduction activities throughout General Motors," Mr. Sullivan said.

GM, along with Ford Motor Co. and Chrysler Corp., on Thursday announced temporary plant closings for later this month and into February that will idle 58,600 employees for at least a week. The shutdowns are a result of swelling inventories of new cars and slow sales.

The reduced production and new cost-cutting program indicate GM's concern about an industry slump that deepened with plummeting sales in October.

Patricia Malloy, a GM spokeswoman, said workers under 55 years would be offered bonuses to quit between March 1 and June 30. Older workers can take early retirement, with special provisions, between April 1 and Sept. 1.

"In addition, effective immediately, hiring will be limited to the recruitment of college graduates with key technical skills," Ms. Malloy said. "The current plan calls for us to hire about 500 college graduates between now and June."

Mr. Sullivan said the new GM program would begin immediately. No segment of GM's operations is immune from the cost-cutting, he said, but critical programs, especially product development, would remain intact.

NASDAQ

Friday's Prices

NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Morgan Merger Man Goes Solo

Eric Gleacher Resigns to Establish His Own Company

By Sarah Bartlett
New York Times Service

NEW YORK — The man who directed the ascent of Morgan Stanley & Co. to Wall Street leadership of the mergers-and-acquisitions business has resigned to start his own company.

Eric J. Gleacher, who had worked at Morgan Stanley since 1983, resigned Thursday.

Many executives of the firm said they had felt that Mr. Gleacher had grown increasingly restless as he watched competitors set up their own companies and become successful.

Among these were Bruce Wasserstein and Joseph Perella, formerly of First Boston and who now head the firm that bears their names, and Stephen A. Schwarzman, who left what is now Shearson Lehman Hutton Inc. to help found the Blackstone Group.

Mr. Gleacher also faced the prospect of losing out in a power struggle over who is going to be the next head of Morgan Stanley's investment-banking division.

In the last six years, Morgan's mergers department, which Mr. Gleacher headed from 1984 on, grew eightfold in revenue; last year it led Wall Street in the dollar volume of deals.

Mr. Gleacher, 49, is believed to have received a bonus of $5 million to $6 million for 1989.

Among the deals, Mr. Gleacher is known for are advising Allied Corp. in its acquisition of Bendix in 1983 and for orchestrating Texaco Inc.'s defense against a takeover by Carl C. Icahn, the New York investor, in 1988.

Morgan Stanley swiftly responded to the resignation, naming two managing directors in the merger area, Bruce D. Fiedorek and Stephen M. Waters, to be co-heads of the department.

It is too soon to say what the impact of Mr. Gleacher's departure will have on Morgan's merger business. Executives at the firm were furiously placing calls to clients to keep them from defecting.

Although Mr. Gleacher said he would not recruit from Morgan, at least one executive was reported to be considering joining him.

Mr. Gleacher said his new firm would both offer merger advice and invest in the equity of companies. Although he does not have experience in buying stakes in companies, he said he thought there would be opportunities to invest alongside his clients.

Nor did Mr. Gleacher say where he would get financial backing for such ventures, but Wall Street competitors said Ronald S. Perelman might be one contributor. Mr. Gleacher advised Mr. Perelman in his $1.8 billion takeover of Revlon Inc. in 1985. Mr. Gleacher declined to comment on that report and said he had not yet had time to work out any of those details.

Competitors and potential clients were quick to predict that Mr. Gleacher's new firm would be successful. In unsolicited calls, both Mr. Wasserstein and Mr. Perella praised Mr. Gleacher's skills and prospects.

Mr. Gleacher's public-relations consultants, Robinson, Lake, Lerer & Montgomery, volunteered a list of former clients who would vouch for his talents. It includes takeover lawyers; Henry Kravis of Kohlberg, Kravis, Roberts & Co.; and a top executive of Texaco.

Mr. Kravis said, "We've got a lot of respect for Eric. We'll give him some business." But he added that "in no way is this going to hurt our relationship with Morgan Stanley."

Slow Start Likely in Talks On Eastern Europe Bank

Reuters

PARIS — Major industrialized nations involved in setting up a development bank for Eastern Europe will be unable to bridge their differences in time for a key meeting in Paris next week, French officials said Friday.

Finance Minister Pierre Bérégovoy of France said Thursday he expected the meeting to agree on the shape of the European Bank for Reconstruction and Development.

But according to senior French officials, it now seems that the main outcome of the meeting, to be held on Monday and Tuesday, would be to call a conference for Feb. 19 and 20 in Paris, at which the 34 nations involved should agree on the bank's statutes.

The European Community formally endorsed President François Mitterrand's idea for setting up the bank last December, but some countries have been reluctant to proceed as rapidly as France wants. Britain, for one, has argued that the bank should have limited funds.

The French officials said the touchy subject of where to put the bank's headquarters would not be tackled at the Paris meeting. Austria, which is not an EC member, and Denmark, which is, are among the countries lobbying to host the bank's headquarters.

IMF: *Discord Threatens Meeting*

(Continued from first finance page)

Group of Seven nations to have met before those talks to discuss policy coordination and currency markets. But officials said they saw no need for a special G-7 meeting if the Interim Committee was not convened.

The next routine meeting of the Interim Committee is due on May 7 in Washington.

Originally, the IMF hoped to seal a deal at executive board level. But in recent weeks the fund has conceded that a meeting of finance ministers might be necessary to provide a political push, if preparatory work had brought sides close together.

Without a basic deal on the size of a quota increase, it has been difficult to address the complex issue of Japan's claim to rise to number two in the fund's ranking from its current fifth spot behind the United States, Britain, West Germany and France.

Britain has floated a plan to reduce its 6.88 percent membership subscription to just over 6 percent, ceding its second ranking and dropping to No. 4. It would give up part of its quota to Japan and part to help make up developing nation contributions.

It remains unclear whether other industrial nations are ready to give up a share of their quota.

JAPAN: *Weak Yen Signals Trade Troubles With U.S.*

(Continued from page 1)

dollar after 1985 had little effect on the trade imbalance, because "Japan has maintained its export prices near their 1985 levels, to avoid losing market share."

But Edward M. Bernstein, the first research director of the International Monetary Fund, said he thought the yen's undervaluation had been crucial to Japan's persistent trade surpluses, not only with the United States but with the rest of the world. This, to him, suggests a serious exchange-rate misalignment, because of the yen.

Ending Japanese import barriers, though desirable, would do relatively little to cut the U.S. trade deficit, Mr. Bernstein said.

He regards the increase in the American budget deficit as a factor in the trade deficit, but finds it only half as important as the fall in the personal savings rate since 1981.

That rate, historically steady at about 7 percent of disposable personal income, plunged to a low of 3.2 percent in 1987. It recovered partly in 1988, to 4.2 percent, and in 1989, to 5.4 percent.

With this improvement, and the decline of the dollar after 1985, the U.S. trade deficit did improve with other countries, but not with Japan. The American deficit peaked in the third quarter of 1987 at an annual rate of $162.4 billion. In the third quarter of 1989 it was down to an annual rate of $111 billion. But of that $51.4 billion fall, the deficit with Japan came down only $6.4 billion, while the deficit with Europe fell $26.5 billion, almost to zero.

Mr. Bernstein, now a guest scholar at the Brookings Institution, believes the chronic American trade deficit with Japan, hanging on at $50 billion or more, is chiefly the result of the undervaluation of the yen. And he believes this represents deliberate Japanese policy.

He said in a letter last month: "I think we ought to ask ourselves why the dollar has depreciated by 12 percent against the D-mark since the end of August but has been unchanged against the yen. I think the answer is in the billion-dollar bond buyer of Japan who is encouraged by Japanese legislation and policy."

Strengthening the dollar against the yen spurs Japanese exports and helps explain why the securities of Japanese export companies have been so strong even in the softening Tokyo stock market.

"With massive investments and new capacity coming on stream, and a weakening yen headed for the 150s against the dollar," said Deutsche Bank's Mr. Courtis, "Toyota looks like Mike Tyson." So do other Japanese exporters.

To avert measures against its exporters by the United States and Europe, Japan could move to bolster the yen's value relative to the dollar and other currencies, to reduce its trade surplus.

Another solution would be for Japan to raise the wages of its workers, to match the economic value of their productivity, thereby raising consumption, reducing savings and the foreign trade surplus.

ROSTER: *Investors Who Bet the Most on Campeau*

(Continued from first finance page)

been heard on that since, and the bond prices have sunk much lower.

"The bondholders would jump at that offer now," one said Thursday.

In September, one senior bond issue of Allied Stores, 10.5 percent notes due in 1992, were selling for 62 percent of par value. On Thursday, the bid was 45.

A senior Federated issue, a 9.375 percent bond due in 1992, was quoted at 82 percent of par value in September. Thursday's bid was 48.

For more junior securities, the ones most likely to be held in junk bond funds, the falls have been even steeper. Allied 11.5 percent senior subordinated debentures, trading at 32 percent of face value in September, were quoted at 9.5 percent bid Thursday.

Federated's 16 percent senior subordinated debentures, at 58 percent of par in September, were offered Thursday at 13.5 percent — with no bids reported.

And the Federated 17.75 percent zero-coupon bonds, subordinate to all other debt, Thursday were quoted at 4 percent of par value, down from 20 percent in September.

Zero-coupon bonds are expected to trade at a discount, but if investors expected that issue to be paid off on schedule, the price would be about 60 percent of par value.

Major holders of the Federated 16 percent bonds, according to a compilation by H.F. Pearson & Co. from public reports, include Manufacturers Life Insurance Co., with $35 million face value; Fidelity High Income Fund, $29.2 million; Putnam High Yield Trust, $23 million; United High Income Fund, $20 million; National Bond Fund, $13 million; Dean Witter High Yield Securities, $11.9 million, and Fidelity Puritan Fund, $10 million.

Major holders of the Allied 11.5 percent bonds, according to H.F. Pearson, include Keystone Custodian Fund, $20.3 million; First Investors Fund for Income, $16.4 million; Vanguard High Yield Portfolio, $16 million; Fidelity High Income Fund, $15 million; Equitable Life Assurance Society, $14.5 million, and Dean Witter High Yield Securities, $13.6 million.

Those figures are based on public reports and do not show what was paid for the bonds. And it is possible some or all of the positions have been sold since the reports were filed at times ranging from the end of 1988 to last summer.

What went wrong at Campeau, of course, is that too much was paid. The general view among investment bankers and analysts is that the operations of the various subsidiaries have suffered under Campeau, but not irreparably.

NYSE

Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

(Continued)

12 Month High	12 Month Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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Fund	Currency	Price
[illegible]	[illegible]	[illegible]

Other Funds

AS - Australian Dollars; AS - Austria Schillings; BF - Belgian Francs; CS - Canadian Dollars; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; LIt - Italian Lira; LF - Luxembourg Francs; p-pence; Ptas - Pesetas; SF - Swiss Francs; Y - Yen; a - asked; + - Offer Prices; N.A. - Not Available; N.C. - Not Communicated; o - New; S - suspended; S/S - Stock Split; * - Ex-Dividend; ** - Ex-Rts; @ Offer Price incl. 3% prelim. charge; = - Paris exchange; ++ - Amsterdam exchange; • - misquoted earlier; n - not registered with regulatory authority

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Tokyo Visit Yields Little For Manila

Reuters

TOKYO — A high-level team from the Philippines that sought to convince Japanese banks to lend more money to their country following last month's coup attempt appears to have had only limited success, bankers said Friday.

Some banks may increase their loans to the country slightly, but many apparently believe that they are already lending enough. "Japan on the whole has already made a sufficient contribution," a Japanese banker said.

The Philippines had been seeking pledges of around $1 billion in new commercial credits, but so far it has been able to raise only around $620 million.

The delegation, led by the new finance secretary, Jesus Estanislao, sought to reassure Japanese bankers that Manila's economic and debt policy remains on course despite the attempted coup.

"They were upbeat," one Japanese banker said.

The deadline for banks to contribute new money under the Philippines' latest debt plan was extended by one month, until the end of February, because of the December violence in Manila.

Before leaving Manila for Tokyo on Tuesday, Mr. Estanislao said his team hoped to secure at least $750 million in new loans during its four-nation tour.

Delegation members told bankers that they came to Tokyo first because they felt that U.S. and European banks would be encouraged to lend more if they saw that their counterparts in Japan had responded favorably.

Japanese Insurers Spread Out

Foreign Equity Stakes Could Help Expand Activities

Reuters

TOKYO — Japanese life insurance companies are moving to expand their purchases of equity stakes in foreign financial concerns, according to managers in the international planning departments of major insurers.

They said such acquisitions were mainly aimed at locking in stable long-term returns to improve the performance of their portfolios.

But banking industry sources said such shopping by the cash-rich insurers was actually a calculated step toward participation in the banking and securities businesses.

The insurance companies also hope to improve their fund-management techniques and acquire expertise in financial markets through business tie-ups with foreign financial concerns, the banking sources said.

The push to diversify stems from expectations that the strict divide between the banking and securities businesses in Japan and in some other countries gradually will be lowered. Thus, other financial-services companies could provide competition for the insurers. Fear of that competition and tight regulation of their own business in Japan is sending insurerance concerns overseas in search of opportunities.

Capital investment in foreign financial companies by Japanese life insurers will expand in the 1990s out of a desire to spread risks, the managers said.

Such investment in foreign financial companies is also the only way they can participate in the banking and securities business. They are barred by law from owning majority shares in or conducting such business in Japan or overseas.

Nippon Life Insurance Co., Japan's largest insurer in terms of assets, bought 13 percent of Shearson Lehman Hutton Inc. in March 1987. It has been sending about 20 trainees a year to Shearson, a Nippon Life spokesman said.

Last week, Nippon Life agreed to invest $200 million in American Express, which controls Shearson but is reducing its stake.

Nippon Life also bought a stake of about 3 percent stake in Swiss Bank Corp. in November.

The two companies agreed to exchange information on the Swiss, European and Japanese financial markets and explore opportunities for joint investment.

Haruaki Deguchi, senior manager of financial and investment planning at Nippon Life, said, "We are continuing to buy stakes in leading European companies in a search for better returns on our portfolios and ahead of the unification of European Community markets in 1992."

Nippon Life has held shares in leading European companies such as Deutsche Bank AG and France's Crédit Lyonnais for several years.

In December, Dai-Ichi Mutual Life Insurance Co. Japan's second-largest life insurer in asset terms, bought a 5 percent stake in Groupe Victoire, a unit of Compagnie Financière de Suez, for 2.1 billion French francs ($366 million), a Dai-Ichi spokesman said.

Dai-Ichi plans to send an executive to Victoire and several trainees to Victoire and Suez. Dai-Ichi has a 2 percent stake in Suez.

As recently as this week, Meiji Mutual Life Insurance Co., the fourth-largest Japanese life insurer, announced that it had bought a 1 percent holding in Hongkong & Shanghai Banking Corp. for 6 billion yen ($41.2 million).

China Said to Consider New Yuan Devaluation

Reuters

BEIJING — China's central bank, after devaluing the country's currency last month, is considering a reduction of about 10 percent in the yuan, banking sources said on Friday.

They said that no decision had been reached, but a steep fall in inflation had encouraged central bankers, who now believe a second move would not risk a sharp price increase.

The yuan's value was cut to 4.72 to the dollar from 3.72 on Dec. 16.

The devaluation, the first since July 1986, was designed to reduce China's mounting trade deficit. China's trade gap widened to $6.67 billion in the first 11 months of this year from $5.45 billion in the corresponding 1988 period.

A central bank spokesman had said this week that the bank believed that any further devaluation would be inflationary, but economists in Beijing argued that December's devaluation was too small to be effective.

FAI Buys Mine Assets Of Alan Bond Empire

Reuters

SYDNEY — FAI Insurances Ltd., one of the main creditors of Bond Corp. Holdings, said on Friday that it had bought Bond Corp.'s mining assets for 198.7 million dollars ($157.4 million).

FAI said in a statement that it had bought Bond's Pacific Copper Ltd., which has coal and gold leases in New South Wales and Queensland, and Rhondda Collieries Group, a Queensland coal miner. Rodney Adler, the chief executive of FAI, said that as a result, FAI's exposure to Bond had been "substantially reduced, to around 120 million dollars of primarily secured loans."

FAI, which has been gradually reducing its exposure to Bond Corp., in December purchased the St. Moritz Hotel in New York City from the troubled Australian conglomerate for $175 million. The insurer's exposure to Bond Corp. included a loan of 179.13 million dollars to Pacific Copper, secured for 180 million dollars against Pacific Copper's assets and shares.

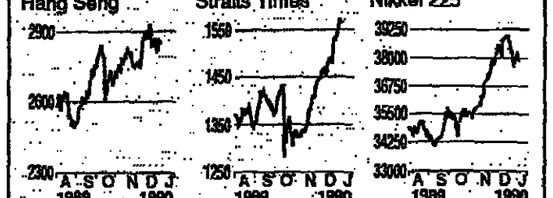
Other buyers are lining up for Bond Corp.'s Australian breweries even as the fight drags on in court to keep them away from creditors.

So far, John Labatt Ltd. of Toronto and Lion Nathan Ltd. of New Zealand have said that they would like to buy the assets. Meanwhile, Bell Resources Ltd., which is 58 percent owned by Bond Corp., said it agreed to buy the assets day before they were put into receivership.

Two local Queensland groups want to pick up one of the breweries, Castlemaine Perkins, and there are reports of a third bidder.

Bond's court battle to overturn the appointment of receiver-managers to the breweries is expected to continue next week.

Investor's Asia



Exchange	Index	Friday's Close	Prev. Close	% Change
Hong Kong	Hang Seng	2835.94	2855.52	-0.69
Singapore	Straits Times	1559.17	1568.07	-0.44
Sydney	All Ordinaries	1713.70	1695.50	+1.07
Tokyo	Nikkei 225	37516.77	38170.13	-1.71
Kuala Lumpur	Composite	590.60	592.90	-0.39
Bangkok	Book Club	784.90	782.87	+0.25
Seoul	Composite Stock	903.11	903.27	-0.02
Taipei	Weighted Price	10588.56	10134.97	+4.48
Manila	Composite	1099.50	1107.78	-0.75
New Zealand	Barclays	2016.20	2016.58	-0.02
Bombay	National Index	Closed	425.71	–

Sources: Datastream, Reuters, AFP International Herald Tribune

Soviet Firm In Singapore Joint Venture

Reuters

SINGAPORE — Intraco Ltd., the listed Singapore government trading company, said Friday that it would set up a joint venture with V/O Electronorgtechnika — or Elorg — of the Soviet Union, to trade in consumer electronics and office-automation products.

The venture, IntElorg Pte., is to begin operations in the current quarter.

Elorg is to hold a 41 percent stake in IntElorg, while Intraco will own 31 percent. Three other Singapore companies will have small stakes: National Iron & Steel Mills Ltd. with 20 percent, Copam Electronics Singapore Pte., 4 percent and Ramadon Investments (S) Pte., 4 percent.

"With this joint venture, Intraco can penetrate the large Soviet market in consumer electronics and office-automation products as Elorg could buy from the joint-venture company to meet part of its needs," Intraco said in a statement.

Intraco, which last year sold more than 10 million Singapore dollars ($5.3 million) -worth of electronics goods to the Soviet Union, said the joint venture would expand its Soviet distribution, further develop its countertrade activities and serve as the Soviet marketing arm for commodities.

Dragonair Move Points to Cathay Tie

Reuters

HONG KONG — A decision by the tiny Hong Kong Dragon Airlines Ltd., or Dragonair, to withdraw its application to fly to Vietnam paves the way for a link with the colony's flag-carrier, Cathay Pacific Airways Ltd., aviation industry analysts said Friday.

Dragonair withdrew its application for routes to Hanoi and Ho Chi Minh City on Thursday, but gave no reasons.

One analyst said the move was "obviously" connected to the planned link between Cathay and Dragonair, "and I'd expect an announcement on that within the coming weeks."

Both airlines have remained quiet about their wider intentions, despite widespread speculation that reached a head in November when the Hong Kong shipping magnate Sir Yue-kong Pao, sold his 37.8 percent family-held stake in Dragonair.

That stake was bought by the businessman Ronald Chao, who previously held 26.53 percent of Dragonair. The airline was founded in 1984 by businessmen with links to China and a group of China-based businesses.

Aviation analysts said Dragonair, a five-plane company that operates charter flights to secondary destinations in Asia, had given up its effort to wrest mainline routes from the more powerful Cathay Pacific.

Its attempts had run up against the Hong Kong government's one-route, one-airline policy that favored the publicly listed Cathay Pacific, which is owned 50.23 percent by Swire Pacific Ltd.

Executive in India Capitalizes on Nabisco Buyout

Agence France-Presse

BOMBAY — Far from the Wall Street canyons where the deal was done, the largest corporate takeover on record has catapulted an entrepreneur to a leadership position in India's food industry.

Rajan Pillai, a 42-year-old engineer raised in London, has consolidated his purchase of RJR Nabisco Inc.'s Asian biscuit activities by striking up a partnership with BSN of France.

The deal, announced last week, will give the French concern a way into India, while Mr. Pillai will gain technical expertise and money to repay debt incurred in buying the Nabisco operations.

Mr. Pillai's ascent began when he moved to Singapore in the early 1970s, shortly after he obtained an engineering degree in his native Kerala state in southwestern India.

The son of a prosperous cashew-plantation owner and exporter, he entered into a 50-50 partnership with Nabisco in 1976 called 20th Century Foods. The company made snack foods and roasted nuts.

In 1985, he sold his interest to Nabisco and moved to London to become president of that company's subsidiaries outside Europe and the Americas. He also became chairman of Britannia Industries Ltd., the biggest Indian food concern. Nabisco held 38 percent of Britannia, while Mr. Pillai and relatives owned 12 percent.

According to Mr. Pillai, Nabisco at the time gave him an option to buy its Associated Biscuits International Ltd. if it were to be put up for sale. Associated currently owns 43 percent of Britannia as well as operations in Pakistan and Malaysia.

Late in 1988, Kohlberg, Kravis, Roberts & Co. announced its record $25 billion takeover bid for RJR Nabisco. The leveraged buyout plan included selling numerous Nabisco assets to reduce debt incurred in the acquisition.

By June 1989, Mr. Pillai had purchased the London-based Associated for $44 million.

Last week, he announced in Bombay that BSN would buy a 50 percent stake in Associated for an undisclosed sum. BSN already was involved with Nabisco divestitures, having paid almost $2.5 billion to buy six of its former subsidiaries.

Although the French company makes products familiar in Europe — including Lu cookies, Danone Yogurt and Kronenbourg beer — BSN is virtually unknown in India. But although it is at a disadvantage in marketing there, it can provide technological aid to Mr. Pillai, and its purchase of the stake in Associated will help reduce debt incurred to buy the company from Nabisco.

Mr. Pillai also has arranged a venture with Kellogg Co. of the United States. The U.S. concern was to have invested $15 million in a new company that would make breakfast cereals in association with Britannia, but the deal has been delayed because of the recent change of government.

U.S. Software Ruling Will Nip Singapore Sales in Bud

Reuters

SINGAPORE — The U.S. Commerce Department's decision to levy a special duty on the products of a computer-software company will hit Singapore's efforts to develop a new market, industry sources said Friday.

They said Singapore has only recently started exporting programs; exports are likely to be curbed by the import tax, announced earlier in the week in Washington.

Computer Systems Advisers Research Pte., the Singapore company singled out by the U.S. Commerce Department for a 15.25 percent duty, is a major exporter of software sold under its brand name, POSE, for Picture Oriented Software Engineering.

Industry sources said that in 1989, the company exported software worth about 4 million Singapore dollars ($2.1 million), mainly to the United States.

The Commerce Department imposed temporary duties of 15.25 percent on programs exported by the Singapore company, saying CSA was a government-run information-technology institute, subsidized by the state.

Singapore's government-run Trade Development Board denied it had subsidized CSA and said it would pursue the case in the U.S. Court of International Trade.

H.K. Investors Get Big Loan

Reuters

HONG KONG — A group of six investors formed to develop a prime site in Hong Kong has raised 3.3 billion Hong Kong dollars ($423.1 million) through a syndicated loan, the arranger, Citicorp International Ltd., said Friday.

The eight-year loan carries interest of 0.875 of a point over the Hongkong interbank offered rate, with a three-year grace period.

The loan will partly refinance a 1.9 billion dollar facility for the Hong Kong concern, Great Eagle Co., to buy the site, and pay construction costs.

AMEX

Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

A B C D-E F-G H I-J-K-L M-N O-P-Q-R S T U-V W-X-Y-Z

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a — dividend also extra(s).
b — annual rate of dividend plus stock dividend.
c — liquidating dividend.
cld — called.
d — new yearly low.
e — dividend declared or paid in preceding 12 months.
f — dividend in Canadian funds, subject to 15% non-residence tax.
i — dividend declared after split-up or stock dividend.
j — dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k — dividend declared or paid this year, an accumulative issue with dividends in arrears.
n — new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd — next day delivery.
P/E — price-earnings ratio.
r — dividend declared or paid in preceding 12 months, plus stock dividend.
s — stock split. Dividend begins with date of split.
sls — sales.
t — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u — new yearly high.
v — trading halted.
vi — in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd — when distributed.
wi — when issued.
ww — with warrants.
x — ex-dividend or ex-rights.
xdis — ex-distribution.
xw — without warrants.
y — ex-dividend and sales in full.
yld — yield.
z — sales in full.

SPORTS

No. 10 Duke Defeats No. 9 Georgia Tech

Compiled by Our Staff From Dispatches

In a memorable struggle between the two best teams in the Atlantic Coast Conference, Duke got in the final flurry to knock Georgia Tech from the ranks of the unbeaten.

Christian Laettner's dunk and free throw with 34 seconds left helped the No. 10-ranked Blue Devils beat the No. 9 Yellow Jackets, 96-91, Thursday night in Atlanta.

Laettner's three-point play gave the Blue Devils a 92-86 lead in a contest that saw both teams battle back from sizable deficits.

"I thought we won the game," said Duke's coach, Mike Krzyzewski. "It was a game where somebody was going to win. A team wasn't going to lose that game."

Phil Henderson scored 26 points and Laettner finished with 23 for Duke, which won its eighth straight and raised its record to 11-2 overall and 2-0 in the ACC.

Dennis Scott had a game-high 30 points, but only nine in the last half, for the Yellow Jackets (10-1, 1-1).

Trailing by nine points with nine minutes to play, Duke went on a 14-0 run over four minutes to take the lead.

Henderson's three-pointer ended the spurt and put Duke up, 85-80.

COLLEGE BASKETBALL

Georgia Tech twice got to within one point but could not go ahead.

"We seemed to have momentum and everything there, but something happened," said Georgia Tech's coach, Bobby Cremins.

No. 11 Louisville 79, S. Carolina 66: Keith Williams made eight of nine shots and scored a career-high 24 points in Columbia, South Carolina. Williams scored eight of Louisville's first 14 points to help the Cardinals (11-2, 1-1 Metro) take a 36-18 halftime lead over error-prone, cold-shooting South Carolina.

Midway through the first half the Gamecocks had eight turnovers and only seven points. They finished the half with 17 turnovers while shooting 25 percent.

No. 13 Indiana 77, Northwestern 63: Eric Anderson led an 18-2 second-half run with 11 points in Evanston, Illinois, as Indiana turned a six-point deficit into a 10-point lead and made Bob Knight the winningest coach in Big Ten history.

Anderson scored 24 points, 20 in the second half, and Greg Graham had 21 for the Hoosiers (12-1, 2-1). Knight's 229th victory in the Big Ten put him one ahead of the former Purdue coach Ward Lambert.

Purdue 86, No. 16 Minnesota 78: Ryan Berning scored all 13 of his points in the final nine minutes, including six on free throws in the final 71 seconds in West Lafayette, Indiana, as Purdue ended Minnesota's 10-game winning streak.

Purdue (10-2, 2-0 Big Ten) led by 43-30 at halftime and stretched it to 71-53 before Minnesota (10-2, 1-1) rallied in the final seven minutes.

The Boilermakers overcame 23 turnovers, including several during the Gophers' charge.

No. 18 Arizona 90, Southern Cal 75: Jud Buechler scored 22 points and had 10 rebounds in Los Angeles as Arizona (9-2, 4-2 Pacific-10) won its eighth straight.

Southern Cal led, 52-49, with 16:25 left but got just one field goal in the next 8½ minutes as Arizona went on a 23-4 run.

No. 19 UCLA 62, Arizona St. 53: Trevor Wilson scored 17 points and Don MacLean added 12 for UCLA (10-2, 4-0 Pacific-10) in Los Angeles. Alex Austin kept Arizona State in the game by scoring 15 points that had the teams tied at 19 with 2:44 left in the first half, but UCLA scored the next seven points and led at halftime, 26-19. Austin finished with 31 points.

Tulane 81, No. 20 Memphis State 80: Michael Christian scored on a three-point shot with 28 seconds left for the upset in New Orleans. Anthony Reed led Tulane (3-8) with 25 points; Memphis State (9-4, 1-1) got 18 from Elliott Perry.

No. 23 Loyola Marymount 113, Santa Clara 100: Bo Kimble, the nation's leading scorer, had 35 points and Hank Gathers, last year's leader, got 22 in Santa Clara, California, as the Lions (10-3) won their West Coast Conference opener and scored at least 100 points for the 11th time. Ron Reis led Santa Clara with 30. *(AP, UPI)*

■ Kitzbühel Gets O.K.

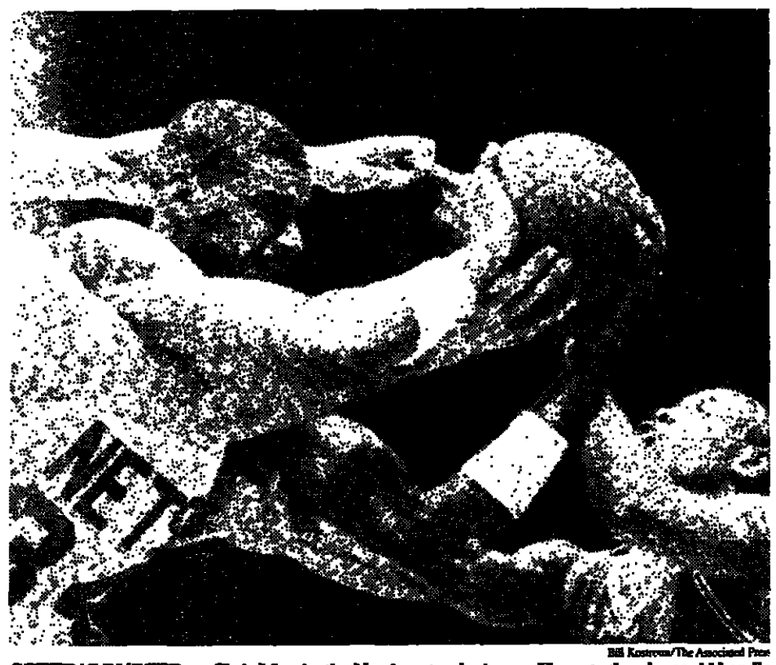
The International Ski Federation said Friday that the World Cup downhill and slalom races set for Jan. 20-21 in the Austrian resort of Kitzbühel will be held, but that the lack of snow is jeopardizing three men's races in Switzerland later this month, The Associated Press reported from Bern.

Officials on Friday visited Kitzbühel, where organizers were having helicopter loads of snow flown in to cover the course, and decided the snow cover was sufficient to meet safety standards.

But an official said there were doubts whether a giant slalom could be held Jan. 23 at Adelboden in Switzerland, and said that the downhill and super-G races scheduled for Jan. 27-28 in nearby Wengen are also in jeopardy.

The cost of staging the Kitzbühel race could reach $1 million, Reuters reported.

The head of the organizing committee, Ernst Krimbacher, said more than $600,000 had been spent so far on helicopters and trucks bringing snow to the course, and that the cost — about $42,000 a day — is expected to rise next week as preparations are completed for Saturday's downhill and Sunday's slalom. Hundreds of soldiers were being used to level the piste.



Bill Kostroun/The Associated Press

GETTING BUZZED — Chris Morris, the Nets' center, had more Hornets than he could handle at one point in the game. But he did score 22 points Thursday night as New Jersey won, 109-101.

$500 Wager, $5,000 Loss

New York Times Service

NEW YORK — A friendly wager between Charles Barkley and Mark Jackson has become a costly one for both National Basketball Association players.

Each was fined $5,000 Thursday by the league's commissioner, David Stern, after they joked about having a running $500 bet on who makes the big play when Barkley's Philadelphia 76ers play Jackson's New York Knicks.

Barkley's short jumper Wednesday night in Philadelphia gave the 76ers a 113-111 victory over the Knicks when Jackson missed a three-pointer just before the buzzer.

Afterward, Barkley said he had lost $500 in last season's playoffs and added, "I won it back tonight. I want my money."

Retorted Jackson: "He owes me from the playoffs and he never paid me. So, we're even."

Stern, who levied the fines after meeting with Barkley and Jackson, said that "on the subject of gambling, even the slightest appearance of impropriety is a serious matter."

Bittner Wins 3d Slalom of Cup Season

The Associated Press

SCHLADMING, Austria — Armin Bittner of West Germany won his third World Cup slalom race of the season Friday, barely edging Michael Tritscher of Austria.

Bittner, the defending World Cup slalom champion, was timed in 1 minute, 56.26 seconds for two runs. Tritscher was only six-hundredths of a second behind.

Konrad Ladstaetter of Italy and Japan's Tatsuya Okabe tied for third. *(See Scoreboard)*

Pirmin Zurbriggen, who finished 10th, won the combined competition as best overall skier in Thursday's downhill and Friday's slalom. Bittner regained the lead in the slalom standings from Bernhard Gstrein of Austria but said, "I feel bad for Hubsi."

Hubert Strolz of Austria, who has gained a reputation for being the best slalom racer who never wins, clocked the fastest intermediate times down the course but lost control and missed the final gate.

Stacked Deck Awaits Becker

Australian Open Draw Is Testing

Compiled by Our Staff From Dispatches

MELBOURNE, Australia — Boris Becker, the Wimbledon and U.S. Open champion, may have to overcome three Australian Open winners here over the next two weeks to add this title to his collection.

Becker, seeded second to Ivan Lendl, who is No. 1 on the Association of Tennis Professionals computer rankings, was drawn Friday in the same quarter of the 128-man draw as three-time champion Mats Wilander of Sweden.

The 22-year-old West German could then meet 1985 and 1987 winner Stefan Edberg in the semifinals, with the prospect of facing defending champion Lendl in the final if seedings go to plan. The tournament starts Monday.

But both Lendl and Becker had their preparations set awry Friday when they lost in the quarterfinals of the New South Wales Open.

Becker, beaten by his compatriot Carl-Uwe Steeb in the tune-up tournament in Sydney, again has him in the same quarter of the draw here.

But Steeb, seeded 10th, would first have to get past Wilander to earn another crack at Becker.

Wilander, the eighth seed, arrived in Melbourne last year ranked No. 1 only to fall early to Ramesh Krishnan of India and begin a slide down the rankings.

Lendl, beaten by Yannick Noah in Sydney on Friday, has the 12th seeded Frenchman on his side of the draw though not in the same quarter.

Lendl's path to the Jan. 28 final looks difficult, with hard-hitting Thomas Muster of Austria, Emilio Sánchez of Spain and John McEnroe of the United States among his other potential opponents.

A victory in the final would boost Lendl's Grand Slam titles to 10 and assure him of maintaining his top ranking at least a few more months.

Under the ATP tour's new ranking system, Lendl could be caught by Becker or Edberg only if one of them wins the Australian and Open Lendl is upset in the first round or two. In six previous Australian appearances, Lendl's earliest exit was in the 16th round in 1984.

Lendl has a first-round draw against American doubles specialist Jim Pugh, while Becker has drawn Dutchman Paul Haarhuis.

Steve Holland/The Associated Press

Becker gestured surrender after Friday's loss to Carl-Uwe Steeb.

Haarhuis, ranked No. 75, ambushed McEnroe in four sets in the second round at the U.S. Open last fall and reached the fourth round before falling to Aaron Krickstein of the United States.

Masters winner Edberg, the third seed, will meet young Australian Johan Anderson in the first round while the fifth seeded Krickstein has drawn a qualifier.

Fourth seed McEnroe, who like Becker has never won the Australian Open, meets Thierry Tulsane of France in the first round with the possibility of facing sixth seed Tim Mayotte of the United States in the semifinals.

Former Wimbledon champion and Australian Open finalist Pat Cash is missing from the draw this year, restricting himself to doubles with Edberg in his comeback from an Achilles' tendon injury.

Also missing are French Open champion Michael Chang and fellow Americans Andre Agassi and Jimmy Connors.

Steffi Graf should have little trouble winning her third straight women's title after drawing an easy path to the finals in a weak field. Only four of the top 10 women have entered the tournament.

Graf, who won all four majors in 1988 and all but the French Open last year, opens her bid for a ninth Grand Slam title with a first-round match against 17-year-old American Carrie Cunningham.

Fourth seed Helena Sukova of Czechoslovakia is slated to meet the champion in the semifinal round but on her form of the past two weeks in Brisbane and Sydney, Sukova could be struggling to get that far.

Gabriela Sabatini, seeded second in the absence of No. 2 Martina Navratilova, faces a stern first-round test against Amy Frazier, a tall, strong 17-year-old from the United States.

Frazier, ranked 30th and one of the most improved players on the women's circuit last year, has played well in Sydney this week on the same hard court surface.

She reached the quarterfinals with a victory in straight sets over Jana Novotna of Czechoslovakia, seeded second in Sydney and fifth in Melbourne. *(AFP, AP)*

Becker, Lendl Fall

The Associated Press

SYDNEY — Ivan Lendl and Boris Becker, preparing for next week's Australian Open, were beaten Friday in the quarterfinals of the New South Wales Open.

Carl-Uwe Steeb downed Becker, his West German Davis Cup teammate, 7-6 (7-3), 6-3, and Yannick Noah played brilliantly to frustrate Lendl, 6-1, 6-4.

Steeb is the first West German to beat Becker since the reigning Wimbledon and U.S. Open champion joined the pro tour six years ago.

"It was a combination of factors, but you've got to hand it to Charlie," said Becker. "He played the better shots on the big points."

BOOKS

DAUGHTER OF SHANGHAI

By Tsai Chin. 245 pages. $17.95. St. Martin's Press Inc., 175 Fifth Avenue, New York, N. Y. 10010.

Reviewed by Jean Fritz

WHEN Tsai Chin returned to China in 1981 after an absence of 28 years, she listed the four categories of people that lived within her: a Chinese, a woman, a performer and the daughter of a great artist. This memoir is a record of her struggle to come to terms with each of these people.

She was the daughter of Zhou Xinfang, the grand master of the Peking Opera, which put her squarely in the midst of the theatrical world, exactly where she wanted to be. Moreover, she was in Shanghai in its heyday in the 1920s and 1930s when, as she writes, it was "the most exciting city in the world." And though she was a girl and the third daughter, she was not the disappointment she might have been in a more conventional family. In addition, she was beautiful and talented and after studying at the Royal Academy of Art in London, she soon had her name in lights as the star of the "The World of Suzie Wong."

Like the autobiographies of many actors and actresses, Tsai Chin's story is studded with the names of the rich and famous. Her schoolmates were Albert Finney, Peter O'Toole and Glenda Jackson, among others. She records an embarrassing encounter with E.M. Forster, a love affair with Kenneth Tynan, a kindness extended by Cary Grant, but this is not the usual gossipy story.

The heart of this book lies in Tsai Chin's conflicts as she tried to feel at home in two cultures on opposite sides of the world. Before she left for England, her father told her, "You must always remember you are Chinese." At the time his advice seemed no more than a father's concern for a daughter about to seek her fortune among strangers. In fact, the advice was prophetic of trouble.

Tsai Chin writes clearly and above all, honestly. Never do we sense the presence of another self hiding behind the image that she projects. Never do we feel that she deceives herself or is writing for effect or trying to manipulate her reader's response.

Tsai Chin repeatedly ran up against typecasting. In the colonial world of Shanghai she rebelled against foreigners who treated Chinese as inferior beings and against Chinese men who treated women as their subordinates. In London she was looked upon as a curiosity. Even in her marriages, her husbands typecast her. Her first husband was a Chinese who expected her to be submissive; her second was an Englishman who romanticized the Chinese and expected her to be perfect. In her career she was seldom perceived as an actress in her own right but was described as a Chinese version of a Western actress — Audrey Hepburn, Zsa Zsa Gabor, Eartha Kitt. She confessed that she too contributed to the stereotypical picture of Chinese when she played in Fu Manchu movies.

In time Tsai Chin lost her money, found theatrical roles hard to come by, realized that China was receding from her and with it her sense of identity. Her depression lead to drinking and and an attempt at suicide, but she made a gallant comeback and eventually returned to China to teach drama. This is the most memorable part of her story, for she gives us not only herself but China as she asks the question that all those born in China ask on their return: Would she feel like a stranger in the land of her birth? In the intervening years China had been cruel to her parents, both of whom had been tortured in the Cultural Revolution and as a result had died.

Working with her students, visiting old landmarks from her childhood, talking to friends of her father, Tsai Chin overcame her doubts. "To be Chinese," she says, "is like a religion . . . China holds you from birth." In her afterword, written after the Tienanmen Square tragedy, she mourns the latest change but also suggests a long-range hope, for, if nothing else, China has proved to be a nation of survivors. For herself, she expresses the hope that one day she will learn "to be as well as to do." She already is; that is her triumph.

Jean Fritz, the author of three books on China, including "China Homecoming," wrote this for The Washington Post.

BRIDGE

By Alan Truscott

THE diagramed deal occurred on the last day of regional play in the New York area in the '80s, during the Swiss Teams in Manhattan December 17.

Good defense was reported by Jeff Bayone, proprietor of the Manhattan Club at 23 East 73d Street. Four spades was reached after East-West had bid and raised diamonds. West was Amy Shavick of Manhattan, and she made the expert lead of the diamond king. In such situations this may permit either defender to win the first trick, a choice that may be advantageous.

When the king held the trick, she saw the danger that the heart suit represented and shifted to the club king. She would have had a quick ruff if East had held the club ace, and as it was, the threat of a ruff was decisive.

If South drew trumps he could be cut off from dummy's winners. If he played a heart, the club ruff would score. And if he attempted to ruff two diamonds he would be unable to return to the closed hand at the finish to draw the missing trumps.

This led to the defeat of a game that was made easily in the replay after West led a trump and South was able to develop hearts. Notice that the play would have been tricky after a low diamond lead to the ace. If East shifts to a club and South plays the ace, West would have to drop the king.

NORTH (D)
♠KQ7
♡KQJ2
◇10
♣J10985

WEST
♠832
♡10653
◇KJ93
♣K7

EAST
♠9
♡A874
◇A7642
♣Q84

SOUTH
♠AJ10654
♡9
◇Q85
♣A32

North-South were vulnerable. The bidding:

North	East	South	West
1♠	1◇	1♠	2◇
2♣	Pass	4♠	Pass
Pass	Pass		

West led the diamond king.

PEANUTS

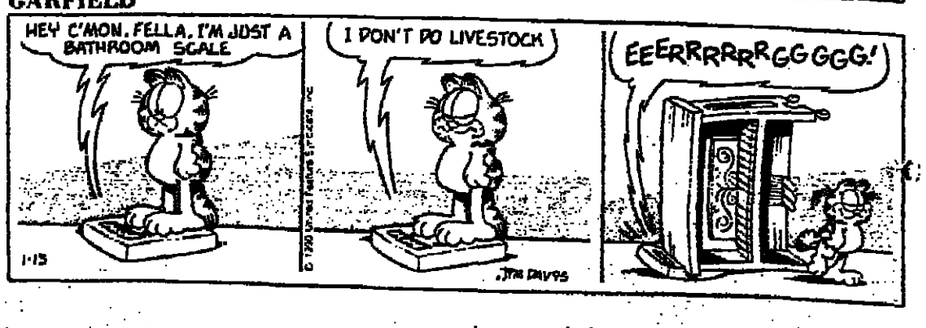
BEETLE BAILEY

ANDY CAPP

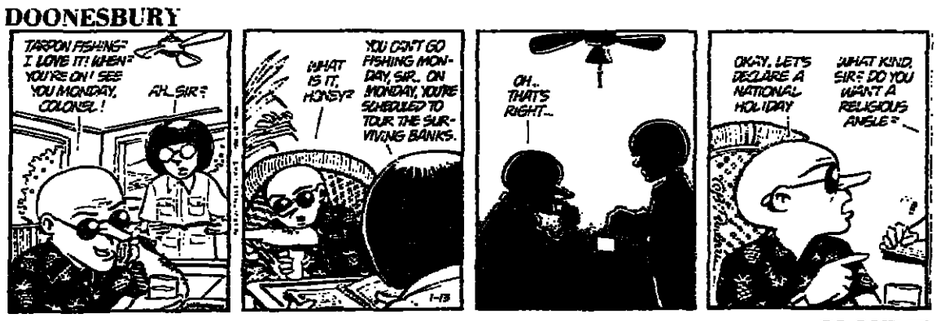
WIZARD of ID

REX MORGAN

GARFIELD



DOONESBURY



DENNIS THE MENACE

"COULDN'T YOU LEARN TO LIKE ME DIRTY?"

JUMBLE. THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

YAGIL

WHISS

VERGAN

HIPLAC

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: "_____" (Answers Monday)

Yesterday's Jumbles: STEED HARPY WHENCE BEFOUL
Answer: What the pixie on the door of opportunity reads — "PUSH"

BLONDIE

SPORTS

NFL's Penultimate Sunday: 4 Teams Galloping Toward a Super Goal

Browns: That Mack Attack Is Back

By Gerald Eskenazi
New York Times Service

CLEVELAND — They talk about Kevin Mack of the Cleveland Browns as if he were a returning hero and not a fullback who missed much of the season because he was in prison on a drug charge.

It is a tribute to Mack's popularity as well as a simple fact of National Football League life: he is helping his team win.

Mack's powerful running style could be the Browns' antidote to the active, clever linebackers of the Denver Broncos when the teams meet Sunday in the American Conference title game in Denver.

"Kevin's a happy-go-lucky kid, not anything like you'd think," said the Browns' 58-year-old rookie head coach, Bud Carson.

Mack has apparently transcended the stigma of a 30-day jail sentence and has come back from a four-game suspension and a knee injury to help propel the Browns dramatically.

As a condition of his parole, Mack cannot talk about his drug rehabilitation, and a team spokesman said the player would not consent to an interview.

But the Browns' running-backs coach, George Sefcik, said: "He's a darn good football player. We'd like to put the other stuff in the past. Kevin is on a mission. When he came back with us, he was pointed toward football."

Sefcik said he has had many discussions with Mack. "They're kind of personal, and I'd rather not talk about it," the coach said.

He paints a picture, though, of a serious, responsible ballplayer.

"He's quiet, a note-taker in meetings. His work habits have enabled us to let him step right back in so quickly. I think that if we have it on our game plan on Sunday, he could carry the ball 25 times."

Mack's performance against the Bills in the divisional playoff game last Saturday tore out the heart of the Buffalo defense.

He gained 62 yards on just 12 carries, an average of 5.2 yards a run, going between the tackles, where yards usually come in small doses. He also caught two passes for 19 yards.

In the two previous conference title games against the Broncos, he dominated the ground: In 1986 he ran 26 times for 94 yards, and the next year his 12 carries produced 61 yards.

Who knows what kind of year it might have been for Mack? For the first time in his career, and for the first time within Browns memory, there is a speedy, shifty halfback to pose an outside running threat: Eric Metcalf, a rookie from Texas.

"Before Eric came, Kevin got stereotyped in our system," Sefcik said. "There was a time we had the rap that the Browns couldn't run outside and so everything got squeezed down toward the middle."

Mack was the one squeezed.

As a rookie in 1985, he and Earnest Byner became the third 1,000-yard rushing tandem in NFL history.

Mack averaged five yards a carry. But he didn't even reach four yards a carry the next three seasons as defenses played him tougher and Byner lost the speed needed to go outside.

But Mack has led the team in rushing every year he has been with the Browns except for this season.

This year, he has played only five games, and in his return, against the Cincinnati Bengals, his only run went for a three-yard loss.

But in his last two games, the season-ending victory over Houston that gave the Browns the Central Division title and the defeat of the Bills, he produced the same number of carries and yards, 12 for 62.

The 27-year-old is fresh, his 6-foot, 235-pound (1.8-meter, 106-kilogram) body unbattered this season. Of course, it was not for the reasons he or the Browns wanted.

He was ready to come to training camp, but on June 28, he was arrested in a car on a notorious Cleveland street corner.

The police said he had 11 packets of cocaine with him.

He was suspended for the first four games of the season, then, on Oct. 3, he was sentenced to six months for cocaine possession after a plea bargain in which three other charges were dismissed.

He served 30 days at a reformatory for first-time offenders under the age of 30 and was given a two-year probation.

Mack: On a mission.

Presumably, he is a member of a Browns group called the Inner Circle, which meets weekly to discuss drug and alcohol problems.

The group was started some years ago by the owner, Art Modell, and the team physician. But neither Modell nor any other official of the team knows who attends the meetings.

Mack's return has enabled Carson to run, which the defensively oriented coach believes is the only way cold-weather teams can be successful, quarterback Bernie Kosar notwithstanding.

In the three games the Browns played before Mack's return, they averaged about 80 yards running. Since, it has been about 100.

"I wanted to pay back all the people who believed in me," he said after the Browns won the division.

Broncos: 2 Rookie Reasons to Run

By Michael Wilbon
Washington Post Service

DENVER — A year ago this week, Bobby Humphrey and Melvin Bratton were "sitting around moping. In my case," Humphrey added, "in a cast, limping around and moping."

Humphrey had broken his foot for the second time in less than a year at the University of Alabama, and was agonizing over the fact that he would not be one of the top players picked in the National Football League draft, might not be drafted at all, might not play at all.

Bratton, whose left knee was injured in his final game at the University of Miami, woke up every morning wondering whether to cash in a $750,000 Lloyds of London insurance policy or try to play again.

Humphrey and Bratton now comprise Denver's dream backfield, two rookie starters who have given the Broncos an inside and outside running game they have never had before.

In good health both would have been high first-round draft picks, plucked from the pool long before Denver's turn. But with the injuries scaring off many teams, the rushing-poor Broncos took a chance that has paid off in ways few thought possible.

Humphrey rushed for 1,151 yards and seven touchdowns this season, his left foot never a problem. The scouting report was that he was a 6-foot, 1-inch, 200-pound (1.8-meter, 90-kilogram) slasher, but the Broncos were elated to get a runner who punishes tacklers as well. In the previous 29 seasons, only four Broncos had carried the ball 31 times in a game. Humphrey already has done that twice.

Bratton, who is 6-1, 225, was an afterthought in the regular season. But last Sunday against the Pittsburgh Steelers, when the Broncos faced their usual problem — no running back to power the ball into the end zone from close range — their coach, Dan Reeves, called Bratton's number. He scored both times, the second touchdown winning the game.

Humphrey and Bratton are the reasons Denver has its most effective offense in the John Elway era.

"They give that team a whole new dimension, one that makes the offense more difficult to defend than in the two years they went to the Super Bowl," said the Cleveland Browns' linebacker, Mike Johnson, who will one of those trying to stop the Broncos' varied offense in the American Football Conference championship game Sunday at Mile High Stadium.

The Broncos not only were surprised to get Humphrey, they wondered whether it was too big a risk. "Our doctors felt very confident there wasn't going to be any problem with his foot at all," Reeves said, adding, "Did I have doubt? Well yeah, when 16 other teams pass him up [in the supplemental draft], you sure do.

"When they called me and said he was still there, I said, 'Whoa, man. Are you sure this is what you want to do?'"

Then, after seeing his time in the 40-yard (36.5-meter) dash rise from 4.5 seconds to 4.8, after missing more than three weeks in a contract holdout and starting off the season behind Tony Dorsett, Humphrey said, "I had no earthly idea I'd go past 1,000 yards. I figured I'd be a backup for some time."

While Humphrey's situation was tenuous, Bratton's was depressing. As perhaps the most complete back in college football in 1987, he was running out the clock on Miami's national championship victory over Oklahoma in the 1988 Orange Bowl when a tackler's helmet hit his knee. Bratton could have gone out of bounds, but he did not want to stop the clock. For his valor, he wound up with torn ligaments and cartilage in his left knee and needed reconstructive surgery.

The team of his childhood, the Miami Dolphins, needed and wanted him. But after the injury, they made him a sixth-round draft choice; Bratton held out for first-round money. He never signed, and went back into the 1989 draft. Denver picked him in the seventh round. Again, he held out for more money.

"This is a business," Bratton said. "It's me trying to sell myself and you better do a good job of it. Having been a business major, I understand that they're making an investment in you, in this case not knowing whether you can play or even walk again. I understood where they were coming from. But on the other side, I didn't want to sell myself short."

Humphrey: 'Limping around.'

And, he had an option few injured collegians have: He had had the foresight to take out the insurance policy with Lloyds of London before his senior year.

"A lot of people told me, 'Mel, you're stupid. Why go out there and risk tearing your knee up again, and walk with a limp or not be able to play with your kids? Take the money and run.' Did I think about taking the money? Yep, every morning," Bratton said.

He played in only 11 games this season, and never carried more than six times. Those two touchdown runs last week, however, suggest that his role in the Broncos' scheme is growing.

Comparing the 4 Teams In Sunday's Showdowns

FINAL REGULAR SEASON STATISTICS

CLEVELAND BROWNS

Passing

	Att	Com	Yards	Avg.	TD
Kosar	513	303	3533	6.89	18
Pagel	14	5	60	4.29	1
Metcalf	2	1	32	16.00	1
Totals	529	309	3625	6.85	20

Rushing

	No.	Yards	Avg.	TD
Metcalf	187	633	3.4	6
Manoa	87	289	3.3	3
Redden	40	180	4.5	1
K.Jones	43	160	3.7	1
Mack	37	130	3.5	1
Oliphant	15	97	6.5	1
Kosar	30	70	2.3	1
McNeil	2	32	16.0	0
Langhorne	5	19	3.8	0
Pagel	2	-1	-0.5	0
Totals	448	1609	3.6	14

Receiving

	No.	Yards	Avg.	TD
Slaughter	65	1236	19.0	6
Langhorne	60	749	12.5	2
Metcalf	54	397	7.4	4
Newsome	29	324	11.2	1
Brennan	28	289	10.3	0
Manoa	27	241	8.9	2
K.Jones	15	126	8.4	0
McNeil	10	114	11.4	0
Tillman	6	70	11.7	2
Redden	6	34	5.7	0
Oliphant	3	22	7.3	0
Mack	2	7	3.5	0
Walters	1	14	14.0	1
Middleton	1	5	5.0	1
Tennell	1	4	4.0	1
Kosar	1	-7	-7.0	0
Totals	309	3625	11.7	20

Punt Returning

	No.	Yards	Avg.
McNeil	49	496	10.1

Kickoff Returning

	No.	Yards	Avg.
Metcalf	31	718	23.2
Oliphant	5	69	13.8
K.Jones	4	42	10.5
McNeil	4	61	15.3
Braggs	2	20	10.0
Redden	2	2	1.0
E.Johnson	1	8	8.0
Joines	1	12	12.0
Totals	50	932	18.6

Interceptions

	No.	Yards	TD
Wright	9	91	1
Gash	3	65	2
M.Johnson	3	43	0
Minnifield	3	29	0
Harper	3	8	0
Grayson	2	25	1
Matthews	1	25	0
Kramer	1	12	0
Dixon	1	2	0
Lyons	1	0	0
Totals	27	308	4

Punting

	No.	Yards	Avg.
Wagner	97	3817	39.4

Kicking

	XP	XPA	FG	FGA	Pts.
Bahr	40	40	16	24	88

LOS ANGELES RAMS

Passing

	Att.	Comp.	Yards	Avg.	TD
Everett	518	304	4310	8.32	29
Herrmann	5	4	59	11.80	0
Totals	523	308	4369	8.35	29

Rushing

	No.	Yards	Avg.	TD
Bell	272	1137	4.2	15
Delpino	78	368	4.7	1
Gary	37	163	4.4	1
McGee	21	99	4.7	1
Green	26	73	2.8	0
Everett	25	31	1.2	1
Ro.Brown	6	27	4.5	0
Ellard	2	10	5.0	0
Holohan	1	3	3.0	0
Hatcher	1	0	0.0	0
Anderson	1	-1	-1.0	0
Herrmann	2	-1	-1.0	0
Totals	472	1909	4.0	19

Receiving

	No.	Yards	Avg.	TD
Ellard	70	1382	19.7	8
Holohan	51	510	10.0	2
Anderson	44	1146	26.0	5
McGee	37	303	8.2	4
Delpino	34	334	9.8	1
Johnson	25	148	5.9	5
A.Cox	20	340	17.0	3
Bell	19	85	4.5	0
Ro.Brown	5	113	22.6	1
Gary	2	13	6.5	0
Green	1	-5	-5.0	0
Totals	308	4369	14.2	29

Punt Returning

	No.	Yards	Avg.
Henley	29	273	9.4
Hicks	4	39	9.8
Ellard	2	20	10.0
Irvin	0	0	—
Totals	35	332	9.5

Kickoff Returning

	No.	Yards	Avg.
R.Brown	47	968	20.6
Delpino	17	334	19.6
McDonald	2	22	11.0
Gary	1	4	4.0
Totals	67	1328	19.8

Interceptions

	No.	Yards	TD
Gray	6	48	1
Irvin	3	43	0
Stewart	2	76	1
Strickland	2	56	0
Hicks	2	27	0
Newsome	1	81	1
Sims	1	20	0
Henley	1	10	0
Owens	1	4	0
Wilcher	1	4	0
Miller	1	3	0
Totals	21	372	3

Punting

	No.	Yards	Avg.
Hatcher	73	2834	38.8

Kicking

	XP	XPA	FG	FGA	Pts.
Lansford	51	51	23	30	120

DENVER BRONCOS

Passing

	Att.	Comp.	Yards	Avg.	TD
Elway	416	223	3051	7.33	18
Kubiak	55	32	284	5.16	2
Humphrey	2	1	17	8.50	1
Johnson	1	0	0	0.00	0
Totals	474	256	3352	7.07	21

Rushing

	No.	Yards	Avg.	TD
Humphrey	294	1151	3.9	7
Winder	110	351	3.2	2
Elway	48	244	5.1	3
Alexander	45	146	3.2	2
Bratton	30	108	3.6	1
Sewell	7	44	6.3	0
Kubiak	15	35	2.3	0
Jackson	5	13	2.6	0
Totals	554	2092	3.8	15

Receiving

	No.	Yards	Avg.	TD
Johnson	76	1095	14.4	7
Jackson	28	446	15.9	2
Sewell	25	416	16.6	3
Young	22	402	18.3	2
Humphrey	22	156	7.1	1
Kay	21	197	9.4	2
Mobley	17	200	11.8	0
Winder	14	91	6.5	0
Nattiel	10	183	18.3	1
Bratton	10	69	6.9	3
Alexander	8	84	10.5	0
Kelly	3	13	4.3	0
Totals	256	3352	13.1	21

Punt Returning

	No.	Yards	Avg.
Bell	21	143	6.8
Johnson	12	118	9.8
Nattiel	9	77	8.6
Woods	2	6	3.0
Carrington	1	0	0.0
Totals	45	344	7.6

Kickoff Returning

	No.	Yards	Avg.
Bell	30	602	20.1
Carrington	6	152	25.3
Humphrey	4	86	21.5
Bratton	2	19	9.5
Woods	1	17	17.0
Totals	43	876	20.4

Interceptions

	No.	Yards	TD
Braxton	6	103	1
Henderson	3	58	0
Atwater	3	34	0
D.Smith	2	78	0
Robbins	2	18	1
Mumford	2	16	0
Corrington	1	8	0
Carrington	1	2	0
Dennison	1	1	0
Totals	21	318	2

Punting

	No.	Yards	Avg.
Horan	77	3111	40.4
Elway	1	34	34.0
Kubiak	2	43	21.5
Totals	80	3188	39.8

Kicking

	XP	XPA	FG	FGA	Pts.
Treadwell	39	40	27	33	120

SAN FRANCISCO 49ERS

Passing

	Att.	Comp.	Yards	Avg.	TD
Montana	386	271	3521	9.12	26
Young	92	64	1001	10.88	8
Bono	5	4	62	12.40	1
Totals	483	339	4584	9.49	35

Rushing

	No.	Yards	Avg.	TD
Craig	271	1054	3.9	6
Rathman	79	305	3.9	1
Montana	49	227	4.6	3
Flagler	33	129	3.9	1
Young	38	126	3.3	2
Sydney	9	56	6.2	0
Rice	5	33	6.6	0
Henderson	7	30	4.3	1
Taylor	1	6	6.0	0
Helton	1	0	0.0	0
Totals	493	1966	4.0	14

Receiving

	No.	Yards	Avg.	TD
Rice	82	1483	18.1	17
Rathman	73	616	8.4	1
Taylor	60	1077	18.0	10
Craig	49	473	9.7	1
Jones	40	500	12.5	4
Wilson	9	103	11.4	1
Sydney	9	71	7.9	0
Flagler	6	51	8.5	0
Walls	4	16	4.0	1
Henderson	3	130	43.3	0
Williams	3	38	12.7	0
Greer	1	26	26.0	0
Totals	339	4584	13.5	35

Punt Returning

	No.	Yards	Avg.
Taylor	36	417	11.6
Greer	1	3	3.0
Griffin	1	9	9.0
Romanowski	1	0	0.0
Totals	39	429	11.0

Kickoff Returning

	No.	Yards	Avg.
Flagler	32	643	20.1
Tillman	10	206	20.6
Sydney	3	16	5.3
Henderson	2	21	10.5
Taylor	2	51	25.5
Greer	1	17	17.0
Jackson	1	0	0.0
Totals	51	954	18.7

Interceptions

	No.	Yards	TD
Lott	5	34	0
Brooks	3	31	0
Wright	2	37	0
Jackson	2	35	0
Griffin	2	6	0
Turner	1	42	0
Holmoe	1	23	0
McKyer	1	18	0
Romanowski	1	13	0
Pollard	1	12	0
Millen	1	10	0
DeLong	1	1	0
Totals	21	262	0

Punting

	No.	Yards	Avg.
Helton	55	2226	40.5

Kicking

	XP	XPA	FG	FGA	Pts.
Cofer	49	51	29	36	136

SIDELINES

Norman Shoots Record 63 for Lead

BRISBANE, Australia (AP) — Greg Norman shot a course-record 63 Friday to hold the lead at the halfway mark of the Daikyo Palm Meadows Cup golf tournament.

He ended his nine-under-par round with an eagle at the 18th hole and led Curtis Strange, the defending champion from the United States, by one shot. Strange shot 64 while Roger Davis of Australia, who broke the course record Thursday with 64, carded 67 to trail Norman by two shots.

The spectacular scoring over the par-72, 7,008-yard (6,407-meter) Palm Meadows resort course produced an Australian record low cut of two-under 142. Among those to miss out were West German star Bernhard Langer and Australian Open and PGA champion Peter Senior.

RJR-Nabisco Withdraws Golf Money

TUCSON, Arizona (AP) — RJR-Nabisco, the largest commercial sponsor on the PGA Tour, will withdraw its sponsorship of the richest tournament in professional golf as well as other golf programs valued at $5 million a year, Nabisco and the tour announced Thursday.

The cutback, scheduled to begin in 1991, will eliminate the $2.5 million, season-ending Nabisco Championship tournament; the $1 million individual bonus pool for the top 30 money-winners on the tour; the $1 million charity competition and sponsorship of the tour's statistical programs.

For the Record

Pat McGowan shot a 10-under-par 62 for a three-shot first round lead Thursday at the Tucson Open in Arizona. *(AP)*

Dale Ellis of the Seattle SuperSonics suffered a collapsed lung in a one-car accident early Friday and will be unable to play again indefinitely, the NBA team said. *(AP)*

Big Ten Commissioner James E. Delany reprimanded former Michigan football coach Bo Schembechler Friday for comments critical of officiating after a 17-10 loss to Southern California in the Rose Bowl game. *(AP)*

Bill McCartney of Colorado was named 1989 Kodak Football Coach of the Year in Division I-A on Thursday by the American Football Coaches Association. *(AP)*

Authorities in the Netherlands said they would not ban supporters with a record of soccer violence from traveling to the World Cup finals in Italy in June. *(Reuters)*

Igor Belanov, 29, the Soviet international forward and former European soccer player of the year, has been arrested by West German police on suspicion of shoplifting in Mönchengladbach. Belanov, who joined the first division club Borussia Mönchengladbach this season, was one of four Soviets, two men and two women, arrested Thursday night. Police said they seized clothing worth $1,100 from the trunk of Belanov's Mercedes. *(AFP)*

Quotable

- George Foreman on Monday night's heavyweight fight against Gerry Cooney: "If it's over in one round, what have I got to do the rest of the night? If it's over in 10, at least I spent some time doing something other than sitting around and being bored." *(AP)*
- Jerry Reynolds on his last game as coach of the NBA Sacramento Kings, a 112-98 loss to Denver: "Basically, I wanted this to be a swan song but it turned into a swan dive." *(AP)*

Blake Sell/Reuters

Joe Montana, who had the highest quarterback rating in NFL history this season, ushering his 49er teammates onto the practice field.

Point Spreads

Oddsmakers in Nevada have established these point spreads for Sunday's games:

Denver 4 over Cleveland
San Francisco 8 over Los Angeles

The Injuries

The injury report for the conference championship games, as provided by the league:

AFC

Browns: CB Anthony Blaylock (neck) is questionable; K Matt Bahr (foot), CB Mark Harper (ankle), QB Bernie Kosar (right middle finger), WR Reggie Langhorne (knee), RB Kevin Mack (elbow), DT Chris Pike (knee) are probable.

Broncos: LB Scott Curtis (back), CB Wymon Henderson (shoulder), DE Ron Holmes (knee), T Ken Lanier (back), WR Ricky Nattiel (knee), S Dennis Smith (groin), G Gerald Perry (ankle) are probable.

NFC

Rams: S Vince Newsome (ankle) is questionable; CB Darryl Henley (shoulder) is probable.

49ers: FB Keith Henderson (neck), S Tom Holmoe (knee), CB Tim McKyer (groin), T Steve Wallace (calf) are probable.

Rams-49ers Game a Test of Wills Between 2 Skilled Teams in NFC

United Press International

SAN FRANCISCO — On the surface, the National Football Conference championship game Sunday appears to be a showdown of outstanding quarterbacks, fleet-footed receivers and big play defenses.

But the Los Angeles Rams' coach, John Robinson, knows that the team to represent the conference in the Super Bowl must win an unseen battle. It is waged within each player fighting the pressures of playing in a championship game.

"When you say those things, you're portrayed as being cliché-ridden and ridiculed by people who say it all comes down to talent," Robinson said. "But unfortunately, that isn't the way it is. The game is made up of people who find a way to win."

Mental toughness has been a topic of discussion in both camps all week. Whether it be the San Francisco 49ers' quarterback, Joe Montana, or running back Roger Craig or the Rams' quarterback, Jim Everett, all have offered thoughts on the importance the proper mental state will have Sunday.

"I think our whole team has that feeling" that it can win all the time, Montana said. "If just one person on the team has that attitude you are not going to win, but our offense plays that way and so does our defense."

Montana comes into the game with the highest-rated season ever by a quarterback: 271 of 386 passing for 3,521 yards, 26 touchdowns and just eight interceptions.

More importantly, the quickness with which he reads and identifies a defense has given the 49ers the best passing offense in the National Football League, with five receivers having made 40 or more catches.

The two outside receivers, Jerry Rice and John Taylor, present a problem for the Rams' defense. Rice was double-teamed in the second regular season contest, allowing Taylor to draw one-on-one coverage, and Taylor made the Rams' pay by becoming the first NFL player to score two touchdowns of 90 or more yards in one game.

At running back, the 49ers will attack with a sweep featuring the hard-running Craig.

"I've been visualizing all week," said Craig, who gained 1,054 yards this season as the 49ers strived to become the first team to repeat as Super Bowl winners since the Pittsburgh Steelers 10 years ago.

"I'm not going to be a very happy person this week. I'm not going to be joking around in the locker room," he said.

Everett finally fulfilled his promise this season by becoming one of the best quarterbacks in the NFL. His three-step passing style makes it vital that the 49ers' defensive line gets off the ball quickly.

He completed 304 of 518 passes in the regular season for 4,310 yards and 29 touchdowns, but threw a high 17 interceptions. Everett has led the Rams to three straight road victories, and to the winning field goal with just seconds left in the first regular season meeting between the two teams.

"I guess it's mental toughness," Everett said when asked what has changed. "It's a belief in the guys you have to play with and just let it go from there."

After the 13-12 victory over the 49ers, he said, the Rams "had the taste of success and it was very enjoyable."

Everett, too, has two outstanding wide receivers in Henry Ellard and Flipper Anderson and a steady runner in tailback Greg Bell. Ellard had 70 receptions for 1,382 yards and 15 touchdowns this year, while Anderson averaged 26 yards a catch and scored five times.

Bell also topped the 1,000-yard mark, gaining 1,137 on 272 carries.

If it should come down to a kicking duel, the mental game may come back to haunt the 49ers' Mike Cofer, who missed on an extra point and two field goals against the Minnesota Vikings in the playoffs.

SCOREBOARD

HOCKEY

NHL Standings

WALES CONFERENCE

Patrick Division	W	L	T	Pts	GF	GA
New Jersey	21	19	4	46	174	168
NY Islanders	19	21	4	42	156	163
Philadelphia	18	20	6	42	161	149
Pittsburgh	19	21	3	41	178	188
Washington	18	22	4	40	146	157
NY Rangers	16	21	8	40	142	153
Adams Division						
Boston	26	15	3	55	159	130
Buffalo	23	15	6	52	150	139
Montreal	22	18	5	49	145	132
Hartford	20	20	3	43	146	149
Quebec	8	29	6	22	132	198

CAMPBELL CONFERENCE

Norris Division	W	L	T	Pts	GF	GA
Chicago	25	15	4	54	178	160
Toronto	22	22	1	45	195	202
St. Louis	19	18	6	44	152	144
Minnesota	20	22	3	43	147	164
Detroit	15	22	6	36	146	159
Smythe Division						
Edmonton	23	14	9	55	177	147
Calgary	20	14	11	51	181	149
Winnipeg	20	17	5	45	139	144
Los Angeles	20	19	5	45	195	181
Vancouver	13	23	8	34	134	157

THURSDAY'S RESULTS

Quebec	0	0	1—1
Boston	1	1	1—3

Burridge (13), Neely (31), Linseman (6); McKegney (6). Shots on goal: Quebec (on Moog) 5-10-5—20; Boston (on Millen) 13-19-10—42.

Chicago	2	0	3—5
Philadelphia	1	0	3—4

Creighton (22), Secord 3 (10), Roenick (11); Propp (8), R.Sutter 2 (15), Huffman (1). Shots on goal: Chicago (on Wregget) 21-9-6—36; Philadelphia (on Chevrier) 18-11-11—40.

N.Y. Islanders	1	4	3—8
Minnesota	1	2	1—4

Crossman (8), King (4), Flatley 2 (9), Wood (11), LaFontaine (39), Sutter 2 (17); Gagner (20), N.Broten 2 (13), Gagner (21). Shots on goal: New York (on Casey, Myllys) 5-11-7—23; Minnesota (on Healy) 16-13-18—47.

Buffalo	2	1	0—3
Calgary	0	1	4—5

Andreychuk 2 (22), Snuggerud (4); Mullen (16), Roberts (24), MacInnis (16), Ranheim (11), Hunter (1). Shots on goal: Buffalo (on Vernon) 4-5-10—19; Calgary (on Puppa) 7-16-10—33

Edmonton	1	2	0	0—3
Los Angeles	0	1	2	0—3

Kurri (22), Lamb (9), Simpson (16); Kasper (14), Robitaille (32), Gretzky (24). Shots on goal: Edmonton (on Hrudey) 18-9-10-0—37; Los Angeles (on Ranford) 11-10-11-3—35.

Rosters for the 1990 NHL All-Star Game, Jan. 21 in Pittsburgh (x-starter):

WALES CONFERENCE

Goalies: x-Patrick Roy, Montreal; Darren Puppa, Buffalo.

Defensemen: x-Ray Bourque, Boston, x-Paul Coffey, Pittsburgh; Chris Chelios, Montreal; Kevin Hatcher, Washington; Phil Housley, Buffalo; Brian Leetch, N.Y. Rangers.

Centers: x-Mario Lemieux, Pittsburgh; Ron Francis, Hartford; Pat LaFontaine, N.Y. Islanders; Joe Sakic, Quebec.

Left wings: x-Brian Propp, Philadelphia; Dave Andreychuk, Buffalo; Shayne Corson, Montreal; Kirk Muller, New Jersey.

Right wings: x-Cam Neely, Boston; Stephane Richer, Montreal; Rick Tocchet, Philadelphia; Pierre Turgeon, Buffalo.

CLARENCE CONFERENCE

Goalies: x-Mike Vernon, Calgary; Kirk McLean, Vancouver.

Defensemen: x-Kevin Lowe, Edmonton; x-Al MacInnis, Calgary; Paul Cavallini, St. Louis; Steve Duchesne, Los Angeles; Al Iafrate, Toronto; Doug Wilson, Chicago.

Centers: x-Wayne Gretzky, Los Angeles; Bernie Nicholls, Los Angeles; Denis Savard, Chicago; Steve Yzerman, Detroit.

Left wings: x-Luc Robitaille, Los Angeles; Mark Messier, Edmonton; Joe Nieuwendyk, Calgary; Thomas Steen, Winnipeg.

Right wings: x-Brett Hull, St. Louis; Mike Gartner, Minnesota; Jari Kurri, Edmonton; Joe Mullen, Calgary.

SKIING

World Cup

MEN'S SLALOM
Friday in Schladming, Austria

1. Armin Bittner, West Germany, 1 minute, 56.26 seconds; 2. Michael Tritscher, Austria, 1:56.32; 3. tie, Konrad Ladstaetter, Italy, 1:56.65 and Tetsuya Okabe, Japan, 1:56.65; 5. Peter Roth, West Germany, 1:56.73; 6. Rudolf Nierlich, Austria, 1:57.09; 7. Paul Frommelt, Liechtenstein, 1:57.71; 8. Paul Accola, Switzerland, 1:57.75; 9. Giovanni Moro, Italy, 1:57.97; 10. Pirmin Zurbriggen, Switzerland, 1:58.16.

OVERALL STANDINGS

1. Zurbriggen, 166 points; 2. Ole Kristian Furuseth, Norway, 137; 3. Bittner, 129; 4. Gunther Mader, Austria, 95; 5. Bernhard Gstrein, Austria, 81; 6. Lars-Boerg Eriksson, Sweden, 77; 7. Accola, 72; 8. Franck Piccard, France, 71; 9. Marc Girardelli, Luxembourg, 64; 10. Konrad Ladstaetter, Italy, 63.

BASKETBALL

NBA Standings

EASTERN CONFERENCE

Atlantic Division	W	L	Pct	GB
New York	23	10	.697	—
Boston	20	13	.606	3
Philadelphia	18	15	.545	5
Washington	14	20	.412	9½
New Jersey	11	23	.324	12½
Miami	7	29	.194	17½
Central Division				
Detroit	23	12	.657	—
Chicago	21	12	.636	1
Indiana	20	14	.588	2½
Milwaukee	19	14	.576	3
Atlanta	18	14	.563	3½
Cleveland	13	18	.419	8
Orlando	10	25	.286	13

WESTERN CONFERENCE

Midwest Division	W	L	Pct	GB
San Antonio	22	8	.733	—
Utah	22	11	.667	1½
Denver	21	14	.600	3½
Dallas	17	17	.500	7
Houston	16	18	.471	8
Charlotte	7	24	.226	15½
Minnesota	7	27	.206	17
Pacific Division				
L.A. Lakers	24	8	.750	—
Portland	24	10	.706	1
Phoenix	15	14	.517	7½
Seattle	16	16	.500	8
Golden State	15	17	.469	9
L.A. Clippers	14	18	.438	10
Sacramento	8	24	.250	16

THURSDAY'S RESULTS

Charlotte	24	26	26	25—101
New Jersey	26	27	21	25—109

Tripucka 8-14 4-5 22, Curry 8-16 5-8 21; Short 13-24 2-2 29, Morris 6-14 10-11 22. Rebounds: Charlotte 47 (Gilliam 9), New Jersey 68 (Bowie 13). Assists: Charlotte 17 (Bogues 10), New Jersey 20 (Morris 5).

Washington	22	27	32	18—100
Miami	22	30	23	14— 89

Malone 16-29 7-8 39, King 6-15 3-8 15; Seikaly 8-13 9-12 25, Frank 5-11 2-2 12. Rebounds: Washington 65 (Jones 10), Miami 55 (Seikaly 17). Assists: Washington 22 (Colter 5), Miami 23 (Douglas 7).

Portland	23	23	19	17—82
Minnesota	21	28	24	15—88

Drexler 7-22 4-4 18, Porter 3-5 5-6 12; Campbell 10-29 6-6 26, Royal 6-10 0-0 12. Rebounds: Portland 64 (Kersey 15), Minnesota 67 (Breuer 11). Assists: Portland 19 (Porter 9), Minnesota 14 (Lowe 9).

Orlando	18	23	33	31—105
Denver	39	32	37	33—141

Smith 5-15 3-4 14, Reynolds 3-10 7-13 13; Lever 11-19 5-6 27, Davis 8-10 3-4 19. Rebounds: Orlando 50 (Catledge 7), Denver 82 (Lane 15). Assists: Orlando 19 (Skiles 5), Denver 40 (Lever 7).

Dallas	23	23	18	22—87
Seattle	21	16	22	39—98

Blackman 10-15 8-9 30, Dantley 9-17 4-6 22; Ellis 10-21 7-9 29, McDaniel 7-15 2-2 16. Rebounds: Dallas 49 (Donaldson 19), Seattle 53 (Cage, McMillan 8). Assists: Dallas 14 (Perkins, Blackman, Davis 3), Seattle 21 (McMillan 10).

Houston	22	21	20	27—90
Sacramento	24	21	27	15—87

Olajuwon 11-24 5-7 27, Thorpe 6-9 6-6 18; K.Smith 9-13 4-4 23, Tisdale 9-20 2-4 20. Rebounds: Houston 50 (Olajuwon 18), Sacramento 47 (Kite 13). Assists: Houston 19 (Floyd 10), Sacramento 21 (Ainge 9).

Selected College Scores

EAST

Fairfield 60, Niagara 54
Hartford 76, Duquesne 73
Holy Cross 63, Manhattan 56
Iona 67, Canisius 65
Massachusetts 80, George Washington 61
Robert Morris 74, St. Francis, NY 70
Siena 66, Loyola, Md. 60
St. Francis, Pa. 92, Long Island U. 89
St. Joseph's 75, Rhode Island 67
St. Peter's 72, Fordham 67
Temple 73, West Virginia 69

SOUTH

Centenary 100, Samford 88
Clemson 78, N.C.-Asheville 54
Duke 96, Georgia Tech 91
Furman 60, Davidson 57
Louisville 79, South Carolina 66
NE Louisiana 66, McNeese St. 53
S. Mississippi 87, Virginia Tech 85
Texas-San Antonio 101, Georgia St. 71
Tulane 81, Memphis St. 80
W. Kentucky 57, Va. Commonwealth 44

MIDWEST

Cincinnati 82, Florida St. 62
Evansville 66, Detroit 54
Illinois St 85, Drake 81
Indiana 77, Northwestern 63
Loyola, Ill. 53, Butler 48
Marquette 95, Dayton 84
Michigan St. 78, Ohio St. 68
Purdue 86, Minnesota 78
Wisconsin 73, Iowa 69, OT

SOUTHWEST

Tulsa 101, Bradley 82

FAR WEST

Arizona 90, Southern Cal 75
Brigham Young 69, Texas-El Paso 67, OT
California 72, Washington St. 67
Fullerton St. 73, Fresno St. 65
Hawaii 88, Air Force 58
Idaho 77, Montana 68
Idaho St. 88, N. Arizona 76
Long Beach St. 49, UC Irvine 48
Loyola Marymount 113, Santa Clara 100
New Mexico St. 74, UC Santa Barbara 61
Pepperdine 88, San Diego 78
San Francisco 77, Portland 75
St. Mary's, Cal. 61, Gonzaga 53
UCLA 62, Arizona St. 53
Utah 79, New Mexico 60
Washington 71, Stanford 59
Weber St. 54, Nevada-Reno 53
Wyoming 76, San Diego St. 60

TENNIS

SOUTH WALES OPEN
(In Sydney)
Men's Singles Quarterfinals

Aaron Krickstein (3), U.S., def. David Wheaton, U.S., 6-1, 7-6 (7-3); Mats Wilander (5), Sweden, def. Pete Sampras, U.S., 6-7 (4-7), 7-5, 6-0; Carl-Uwe Steeb (7), West Germany, def. Boris Becker (2), West Germany, 7-6 (7-3), 6-3; Yannick Noah (8), France, def. Ivan Lendl (1), Czechoslovakia, 6-1, 6-4.

Women's Singles Quarterfinals

Judith Wiesner (16), Austria, def. Claudia Porwik, West Germany, 6-3, 4-6, 6-3; Natalia Zvereva (11), Soviet Union, def. Julie Halard, France, 4-6, 6-2, 6-4; Barbara Paulus (10), Austria, def. Radka Zrubakova (13), Czechoslovakia, 6-2, 6-1; Amy Frazier (14), U.S., def. Raffaella Reggi (7), Italy, 6-3, 7-5.

NEW ZEALAND OPEN
(In Auckland)
Men's Singles Quarterfinals

Ramesh Krishnan, India, def. Magnus Gustafsson (3), Sweden, 7-6 (7-5), 6-2; Scott Davis (8), U.S., def. Steve Guy, New Zealand, 6-2, 7-6 (7-0); Amos Mansdorf (5), Israel, def. Jimmy Arias, U.S., 6-3, 7-6 (7-3); Andrei Chesnokov (1), Soviet Union, def. Grant Connell, Canada, 2-6, 6-4, 6-3.

TRANSITION

BASEBALL
American League

BALTIMORE—Signed Joe Price, Chris Myers and Anthony Telford, pitchers, to one-year contracts.

CLEVELAND—Named John Hart director of baseball operations.

KANSAS CITY ROYALS—Agreed to terms with Jerry Don Gleaton, pitcher, on one-year contract.

NEW YORK—Signed Tim Leary, pitcher, to one-year contract.

CRICKET

Australia vs. Pakistan
(In Melbourne, Day 1)
1st innings: Australia 198-6.

POSTCARD

'Tutti Frutti' in Georgia

By Ronald Smothers
New York Times Service

MACON, Georgia — William C. Randall has nothing against the state song, "Georgia on My Mind." As a gospel enthusiast, he admits to being moved by its mournful and bluesy evocation of a place where "an old sweet song" is like "moonlight through the pines."

But Randall, a state representative, thinks the state needs to recognize other strains in its musical history. What he is suggesting is a rock 'n' roll song that first shook the Georgia pines in the mid-1950s, a song that began with the loud and shameless, "A wop bop alu bop, a wop bam boom."

The song is "Tutti Frutti," that raunchy, raucous and suggestive classic of rock 'n' roll that one music critic said "defined what rock 'n' roll was all about" and what another called "an incredible, berserk, vinyl telegram."

Its best-known version was co-written and recorded by Richard Penniman, a native of Macon better known as Little Richard, who began honing his outrageous act in the blues clubs of this city.

The Georgia legislature has on its agenda a bill to designate the song as the state's official rock 'n' roll song. Randall, who represents Macon and grew up listening to rhythm and blues greats like Otis Redding and James Brown, sponsored the measure but has yet to get enthusiastic support for it.

□

Some lawmakers shudder at the thought of recognizing a song that they believe has unwholesome sexual connotations. Others find it hard to warm up to the image of a gyrating and pouting Little Richard as emblematic of Georgia.

"A lot of people thought it was a frivolous thing," Randall said. "But most see the serious side. If you accept that rock music is an American art form and that this song represents innovation in that form, it's not strange to want to honor it."

The idea of a state having an official rock 'n' roll song is not new. In 1985, Ohio adopted "Hang On Sloopy," sung by the McCoys, as its official state rock song, said Steve Fought, a spokesman for the secretary of state's office there.

It had been written by Ohioans, he said, but was designated because it was regularly played by the Ohio State University marching band at football games. "And football being the secular religion here, it was like a hymn," Fought said. "It went through the legislature like a steamroller and they were singing it in the chambers."

A similar attempt two years ago to have "Louie, Louie," performed by the Kingsmen of Oregon, designated as Oregon's official rock anthem died in committee.

□

What all these songs have in common besides their exuberant rock beats is their playfulness and associations with outrageous and flamboyant performance styles.

That quality, said Ed Ward, who has written about rock 'n' roll and who is the host of a nationally syndicated National Public Radio show on rock, could be said to have begun with "Tutti Frutti."

"It was back before rock 'n' roll was considered important and could still be fun," he said. But it also represented the first time that a record by a black rock 'n' roll singer got significant play on white radio stations.

In the '50s, record companies, in a practice called "covering," would take songs popular on rhythm and blues stations and produce a version by a white performer for Top 40 stations catering to larger white audiences. The cover version of "Tutti Frutti" by Pat Boone came out two months after Little Richard recorded his version in a New Orleans studio.

Both made the top rankings of the Top 40 stations, with Boone's version rising to 12 and Little Richard's to 17. But Little Richard's version, played 58,676 times last year in the United States or 161 times a day, seven times an hour, has proved more enduring.

Nevertheless, said Representative Bill Lee, chairman of the Rules Committee of the Georgia House of Representatives, "Tutti Frutti" may be gaveled down in the legislature. "I didn't see a groundswell of support for it, plus we have a lot of agenda items that are more pressing," he said.

Little Richard, not known for modesty, said he deserves to be honored. "I'm a living legend, the architect of rock 'n' roll," he said an a telephone interview from his home in Los Angeles.

"I was the first one to sing that kind of music."

Plumbing the Depths of the 'Z' Perplex

By Richard Bernstein
New York Times Service

NEW YORK — Who is "Z"? Despite much guessing and gossiping, nobody has publicly identified Z, the author of an article called "The Soviets' Terminal Crisis" that was published in excerpted form on the Op-Ed page of The New York Times and on Jan. 5 in the International Herald Tribune.

Some think the author is a senior Bush administration bureaucrat who dissents from the official government line.

Maybe he is Henry A. Kissinger or Zbigniew Brzezinski, both former advisers on the National Security Council, now government outsiders.

There is the possibility that he is an Eastern European intellectual, a former political dissident now occupying an important position in a post-communist government in the region.

The author's identity has become the object of a international guessing game, of considerable gossip, textual analysis and other forms of cerebration, all of which seem to be consuming more time and energy than the actual contents of his article, a full version of which appeared this week in Daedalus, a scholarly quarterly.

The article, which predicts the demise of communism around the world and urges the Western countries to give no aid to communist countries trying to stave off collapse, is an obvious, and perhaps intentional, reminder of another famous contribution to the policy debate — the 1947 article in Foreign Affairs by George F. Kennan, who at the time identified himself merely as "X." It took only a couple of days for Arthur Krock, a New York Times columnist, to identify X as Kennan, then on the policy planning staff of the State Department.

In the case of Z, however, the hordes of government officials, reporters, scholars and the just plain curious are still sifting through the clues available to his identity. These clues are numerous but they allow nothing better than educated guesses.

The Daedalus article comes in a special issue devoted to Eastern Europe.

Nicolas Ancia

It adopts a conservative and pessimistic position on the efforts by the Soviet president, Mikhail S. Gorbachev, to transform Soviet society while maintaining a leading role for the Communist Party. And it argues that since Gorbachev cannot succeed, it would be futile to expend American resources trying to help him.

The article came to The Times via William Safire, a columnist for the newspaper, who received it from Stephen R. Graubard, the editor of Daedalus. Safire turned it over to Leslie H. Gelb, the newspaper's deputy editorial page editor, who is also editor of the Op-Ed page.

Both Safire and Gelb said they did not know the identity of the author. Graubard, asked why the article was published anonymously, said it was at the author's request.

Among the clues being studied on the trail for Z is the issue of anonymity itself. Unless the signature Z was a ploy intended to garner more publicity than a signed article would have received, it can be assumed that the author was genuinely not in a position to have his name used. A senior official in the Bush administration could well qualify on that ground.

Then there is the intellectual candlepower of the article itself. It was written by a person knowledgeable about communism and in command of a forceful polemical style.

Many have noted that the article includes several historical references. In one place, for example, it refers to the "18th of Brumaire," saying that Gorbachev might "be his own Bonaparte."

The 18th of Brumaire was the day (Nov. 9, 1799) in which the Directorate was overthrown and Bonaparte effectively came to power in the Consulate. A reference has also been detected to Karl Marx's journalistic essay, "The 18th Brumaire of Louis Napoléon Bonaparte," a reference to the overthrowing of the Second French Republic in 1851 in a coup d'état by Napoléon's nephew, the president who succeeded himself as Napoléon III.

Commonly mentioned as possible authors of the article are Robert M. Gates, the deputy national security adviser, and Paul D. Wolfowitz, under secretary of defense for policy. Both are believed to harbor considerably more pessimistic views of Gorbachev's prospects than are represented in the official position of the Bush administration.

Late last year Secretary of State James A. Baker 3d prohibited Gates from making a speech in which he would have expressed pessimism about the prospects of perestroika, the restructuring of Soviet society.

Thus Gates would seem to have had a motive, a desire to get his views across to the public and, given the circumstances, he would have had to do it anonymously.

"It's somebody like Bob Gates," said Richard Pipes, the Harvard historian who was an adviser on the Soviet Union in the Reagan administration.

Asked about that hypothesis, William G. Hyland, the president of the Council on Foreign Relations in New York, said:

"I thought of that too. It's possible. But for some reason it doesn't strike me as likely."

Both Pipes and Hyland have been named by others as likely authors of the article, but neither seems to have a very good reason to have demanded anonymity. In any case, both deny authorship.

Among the others named as the possible author are Kissinger, the former secretary of state and national security adviser; Brzezinski, the national security adviser to President Jimmy Carter, and Francis Fukuyama, the former State Department official whose article on "the end of history" created a stir last year.

Still other suspects are William Odom, a former head of the National Security Agency, and James H. Billington, the Librarian of Congress and a specialist on the Soviet Union. None of these would appear to have a very good reason for remaining anonymous.

Another school of thought takes a different tack altogether. Some suspect that Z is a foreigner, very likely a Soviet citizen or an Eastern European whose position requires that he remain anonymous.

In addition, there is something about the references — like the one to the 18th Brumaire — and the rhetorical devices of the article that seem more European than American.

Whoever Z may be, the question remains whether his article has the depth or importance of Kennan's famous "X" article on containment. Some, including Safire, who wrote a column praising its analysis, believe that it is a major statement.

"The breathtaking thing about it is the scope of the history," Safire said. "It shows you how the last 70 years are culminating now. All of a sudden you can see the gestalt."

Others take a more jaundiced view of the article, arguing that the major feature that has brought it to attention is not its intellectual power but the very fact that it is anonymous.

"They created the mystery but the article is just not very remarkable," Joseph S. Nye Jr., a Harvard political scientist, said.

PEOPLE

Henley Leads Nominees For Grammy Awards

Don Henley's "The End of the Innocence" earned four Grammy nominations and Bette Midler, Bonnie Raitt, Tom Petty, U-2 and Billy Joel also got multiple nominations for the 32d annual awards. "The End of the Innocence" was nominated for album of the year, and the title track for record of the year. The single was nominated for song of the year, a writer's award, and Henley also was nominated for male rock performance. Midler's "Wind Beneath My Wings" was nominated for record of the year, song of the year and female pop vocal performance. The rock band Fine Young Cannibals was nominated for best album for "The Raw and the Cooked" and for record of the year and pop group for the single "She Drives Me Crazy."

□

Gottfried Wagner, 42-year-old great-grandson of Richard Wagner, whose music is still non grata in Israel, told 400 people at Tel Aviv University that he was ashamed of the anti-Semitism in the political writings of his forebear but insisted that the writings were ambivalent and that his music was untainted by such considerations. A stage director and writer, Gottfried Wagner said he was shocked at age 9 to learn that Wagner's music was used in Nazi propaganda newsreels, but that he learned to appreciate the genius of the composer.

□

Kiko Kawashima, a college graduate student, accepted symbolic gifts from the imperial palace in Tokyo formally sealing her engagement to Emperor Akihito's son, Prince Aya. "I humbly state my acceptance," she said as the imperial chamberlain, Yasuo Shigeta, presented her with a list of the gifts. The gifts were two large fish placed face to face, six bottles of rice wine and three bolts of silk. They will be married in June.

□

The singer-songwriter Prince will be honored during the American Music Awards presentations with a special Award of Achievement for his contributions to music. The tribute to Prince will take placeduring the Jan. 22 televised award show from Los Angeles. Prince, 30, is the second Award of Achievement recipient. Michael Jackson got it last year.

Page 12 FOR MORE CLASSIFIEDS

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